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Latin America Report

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INTER-AMERICAN AFFAIRS

TRINIDAD LEADER'S VISIT TO BARBADOS ENCOUNTERING DELAY

Bridgetown DAILY NATION in English 6 Jan 86 p 1

[Text] **IT IS ALMOST CERTAIN that Trinidad and Tobago's Prime Minister George Chambers will not be visiting Barbados this month.**

A highly placed diplomatic source in the oil rich twin-island state told the DAILY NATION yesterday it looked as though Barbadians would have to wait a little longer for the crucial visit.

Mr. Chambers and Prime Minister Bernard St. John are to discuss issues which have strained relations between their countries for over two years.

According to the source, very little preparation had been done in recent months for the visit, and it is now almost impossible to complete all the preliminaries before the end of January.

Mr. Chambers was due to visit this month, at which time the Arawak Cement Plant in St. Lucy would have been officially opened.

"Right now things are no more advanced than they were two months ago, and it is now unlikely that Mr. Chambers will visit this month, the source said.

"Planning will take at least three weeks, based on all that is still to be done. A programme has to be drawn up and there will have to be communications between the two countries before the visit can be finalised.

"However, I should point out that there is nothing negative in terms of developments between the two countries to suggest that Trinidad — or Barbados for that matter — no longer wants to see the visit come off. It is just that things are happening at a very slow pace," the source said.

On the mood within Trinidad toward Barbadians, the diplomatic source said there was a "certain cooling of the tension and things are slowly mending".

He said it was widely felt in government circles that the implementation of the Nassau Accord would go a long way to improving relations between the two countries, but certain factors in Trinidad still stood in the way of this.

"General elections are constitutionally due by February next year, but it now looks as though they will be called way in advance of this date. Because of this persons in Trinidad who have a say in what takes place tend to be very inward looking. Emphasis on the region takes a back seat.

"One can't help but get the impression that the country is not ready to dismantle its protectionists policies," he added.

The source also said: "Manufacturers in Trinidad feel very good about the advantage which the recent devaluation of their dollar has given them, but one can't help but get the impression that this advantage will be short-lived and so they don't want to remove the barriers just yet."

According to the source, if the present People's National Congress should retain the government much more emphasis will be placed on regional issues, but until the general election the emphasis will be on internal matters there.

[In a related development, the 8 January BARBADOS ADVOCATE, on page 1, reports the following:]

Trinidad and Tobago's High Commissioner to Barbados Mr Reginald Dumas, held discussions last Monday with this country's Minister of State for Planning Senator Clyde Griffith.

The wide-ranging discussions which were held at Government Headquarters Bay Street, touched on matters of mutual interests, including collaboration and cooperation between the two countries in Science and Technology.

The Trinidad and Tobago envoy also indicated that his Government was prepared to consider any request for technical assistance which the Government of Barbados might make.--(BGIS)

/9365
CSO: 3298/287

BRIEFS

GRANTS FOR AGRICULTURE--Bridgetown, Jan 19--The Inter-American Development Bank (IDB) has announced approval of U.S. 9.7 million dollars in grant technical cooperation to support the basic program of the three international agricultural research centres in Latin America and the Caribbean during 1986. In addition, the cooperation will partially finance a seminar to improve the strategies and the coordination of agricultural research between the centres and the national programs of the countries of Latin America and the Caribbean. The three centres are the International Centre for the Improvement of Maize and Wheat in Mexico, the International Centre for Tropical Agriculture (CIAT) in Colombia and the International Potato Centre (CIP) in Peru. Along with 10 other institutions in other parts of the world, the international centres conduct agricultural research designed to solve the problems of food, malnutrition and insufficient farm output by increasing the production of basic cereal grains, legumes, tubers, livestock products and other foods. The total amount of the core budget of the three international centres for 1986 is estimated at U.S. 58.3 million dollars, of which the bank's technical cooperation will cover approximately 17 percent. [Text] [Bridgetown CANA in English 2127 GMT 19 Jan 86 FL] /9365

CSO: 3298/287

ANTIGUA AND BARBUDA

NDP QUESTIONS U.S. MILITARY PRESENCE; BIRD REPLIES

St Johns HERALD in English 20 Dec 85 p 12

[Text] National Democratic Party (NDP) Issues Statement on U.S. Military Presence

Press Release

The National Democratic Party recognizes and deeply appreciates the close ties between the United States and the islands of the Eastern Caribbean.

We also acknowledge the significant contribution made by the USA towards the development of Antigua and Barbuda. We are particularly aware that most of the visitors that support our vital tourist industry come from the United States.

The NDP however notes with grave concern the formation of a multinational military force in the Eastern Caribbean, which is based in Antigua, and that in this connection joint military exercises with United States forces have just concluded in St Lucia and in Antigua.

Traditionally the preservation of law and order in these islands has been the responsibility of the Police Force, which have performed their duty with great distinction. There was also a Voluntary Defence Force which could be called upon in cases of emergency. Before Antigua became independent in 1981 the responsibility of our defense from external attacks rested with the British Armed Forces. Since our independence this responsibility has been transferred to a standing army which has been created in Antigua and Barbuda.

All of the islands of the Eastern Caribbean are poor and in desperate need of funds for the development of their infrastructure. In Antigua for example, our roads, health services, educational facilities, agriculture and fisheries, etc. all need upgrading. In view of this the NDP deplores and condemns the spending on military exercises, funds which could better be spent on improving the quality of life for our people.

The National Democratic Party fully supports the idea of the Caribbean, and particularly the Eastern Caribbean being maintained as a zone of peace. We have neither the financial nor human resources to justify our involvement in the East/West conflict.

Prime Minister Bird Responds to NDP's Statement

With regard to the NDP's statement on the U.S. military presence in Antigua the Prime Minister, the Rt. Hon. Vere Bird, who is responsible for National Security was contacted by the HERALD for a response. Mr Bird said, "there is nothing wrong with the Americans helping us to make the Defence Force more efficient," he continued, "we must not forget the sufferings of the Grenadian people a few short years ago." He also inferred that the men alleged to have helped with the planning of the coup in Grenada in 1979 are still around waiting for the right opportunity to create trouble. It was also learned that an individual believed to have been involved in organising social upheavals in Suriname a few years ago which resulted in the deaths of many doctors and lawyers, was recently living and working in Antigua with Caribbean Family Planning Affiliation (CFPA), now headquartered in St John's.

According to Mr Bird, the individual, who he declined to name, was declared persona non grata and deported one month after authorities found out his real identity. He is believed to have chaired a recent meeting in Suriname which was attended by left-wing elements from Antigua. Mr Bird said it is believed that the purpose of the meeting was to discuss the destabilization of the governments of the Eastern Caribbean. He explained, "the strengthening of our Defence Force would act as a deterrent to would-be saboteurs who will now have to think twice before embarking on their misdeeds." In concluding Mr Bird added, "it was the same Americans who helped to bring an end to the sufferings and troubles of Grenadians, and I appreciate what they are doing at Crabbes to make our Defence Force more efficient."

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CSO: 3298/288

ANTIGUA AND BARBUDA

DRUGS ROLE IN FACTORY CLOSING, TOURISM DISCUSSED

Question of Plant's Imports

St Johns HERALD in English 20 Dec 85 p 2

[Excerpts] Deputy Prime Minister Lester Bird has refused to be drawn into a confrontation with THE WORKERS VOICE over an article published last weekend concerning Mike Tyrell who was convicted a few months ago of illegally dealing in drugs.

In last weekend's edition, THE WORKER'S VOICE revealed that the Antigua Trades and Labour Union had intervened with the Prime Minister to rescind a decision by the Ministry of Economic Development not to allow Mr Tyrell to continue a Factory operation which allows him to import and export material. It is not known whether the Union's action had the backing of the full Executive or was merely the work of one or two officials.

The Deputy Prime Minister, who was described by THE WORKER'S VOICE as "The Drug Buster of the Eastern Caribbean," indicated several weeks ago that since the ministry had no means of effectively monitoring the import/export activity of the Factory being run by Mr Tyrell, the operation should be discontinued. Mr Bird said that since Mr Tyrell was convicted of illegally importing a large quantity of drugs into the country, grave doubt has been cast over the import activity of his factory operation.

The Deputy Prime Minister said that he "deeply regretted THE WORKER'S VOICE article." But he refused to be drawn into a confrontation with its publishers. Mr Bird said that "Union officials had the jobs to do as they saw fit." Asked directly whether he would withdraw his decision not to allow Mike Tyrell to operate a Factory in view of the pressure being put by some Union Officials on the Prime Minister, Mr Bird said that "some matters were too important to bend to pressure." He said that "ridding Antigua and Barbuda of the menace of drugs and making the country safe for young people are of paramount importance."

Mr Bird said that he hopes that the Union Officials would recognise the importance of not giving import/export cover to anyone who is convicted of illegal drug dealing. With regard to the handful of workers who were affected by the closure of the Arawak Factory, Mr Bird pointed out that the Factory has never been fully operational despite attempts by the Ministry to get it going. He

said that he was confident that alternative employment could be found for the workers involved and pledged to lend any assistance he could in that regard.

It is now left to be seen whether the Union Officials will seek endorsement by the entire Union Executive of their approach to the Prime Minister to allow a convicted drug dealer to continue to import and export under the aegis of the Arawak Factory.

Threat to Tourism

St Johns HERALD in English 20 Dec 85 p 8

[Text] "The pushing of drugs on the beaches and at hotels in Antigua, is one of the most serious problem facing the vital tourist industry," Deputy Prime Minister and Tourism Minister, Lester Bird said.

He told reporters at a press conference recently that while the tourist industry is expanding at quite an impressive rate, the ministry is receiving more and more reports of visitors being molested on beaches and on some hotel properties by drug pushers.

"It is a serious problem, but I want to assure you, members of the press, and the public at large, that the government will be taking tough and effective action to deal with the drug menace," Mr Bird added.

He promised that early in the next year legislation will go before parliament that will inflict stiffer penalties on anyone convicted on drug related charges.

"While we recognise that everyone has a right to make a living, we also recognise that freedom does not mean license," the tourism minister said. People must realise that their freedom ends where another person's rights begin," he continued.

The scope and magnitude of the drug problem in Antigua was brought to the fore this past October when over 17-thousand pounds of marijuana was discovered in a trailer on the Airport Road.

Mike Terrill, a member of a respected family, was later convicted on drug smuggling charges relating to the trailer incident.

The Antigua Government has since invited the United States Drug Enforcement Agency to assist the Police Department in its fight to stamp out the proliferation of drugs.

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ANTIGUA AND BARBUDA

COMMUNIQUE ISSUED AFTER HEADS OF MISSION MEETING

FL111709 Bridgetown CANA in English 2014 GMT 11 Jan 86

[Text] St Johns, Jan 10--Following are extracts of a communique issued by the heads of missions of Antigua and Barbuda's diplomatic service who met in Antigua from January 6-8, 1986, under the chairmanship of Lester Bird, deputy prime minister and minister of foreign affairs, economic development, tourism, and energy.

South Africa

The meeting resolved that envoys would continue to reflect in every international forum the overwhelming view of the people of Antigua and Barbuda that apartheid must be dismantled.

In this context, the meeting adopted the position articulated by The Hon Mr Lester Bird in his opening address that the Commonwealth group of eminent persons notwithstanding, many countries, including Antigua and Barbuda, will not fail to take appropriate action at the UN, in the Commonwealth, and elsewhere if the South African Government continues its regime of terror.

Multilateralism

The meeting discussed the troubling development of two nations which have withdrawn from UNESCO. The meeting expressed regret that these nations had decided to withdraw from the organisation.

The meeting expressed the view that UNESCO would have benefited from the continued membership of the two countries if they actively pursued the improvement of the organisation. They expressed the hope that the two countries would return to full membership in UNESCO at the earliest opportunity.

The meeting discussed the Gleneagles Agreement, adopted by Commonwealth heads of government in 1977, and agreed that it remained the only accord governing procedures for dealing with apartheid in sport.

In this connection, the meeting endorsed the view that the Gleneagles Agreement should be maintained and the England cricket tour of the West Indies this year should not be disrupted. The meeting took the view that to repudiate the Gleneagles Agreement by banning members of the English team, who have

already been punished for going to South Africa, would result in creating apartheid in international cricket and, therefore, in a victory for South Africa.

OAS and Latin American Relations

The meeting agreed that active steps should be taken to deepen and strengthen relations with Latin American countries with which Antigua and Barbuda shares a region.

In this context, it was recommended that, as a first step, Antigua and Barbuda should accredit its ambassador to the OAS and its high commissioner to the Commonwealth Caribbean, to a number of Latin American states.

The meeting took note of the fact that most of Antigua and Barbuda's affairs in Canada are looked after by our office in Toronto.

The meeting also noted the close and friendly relations which have traditionally existed between Canada and Antigua and Barbuda and the need to deepen and strengthen the genuine ties.

In this regard, the meeting recommended that Antigua and Barbuda should establish its own high commission in Ottawa at the earliest opportunity.

Drug Trafficking

1. The meeting discussed the troubling menace of drug trafficking in the Caribbean and expressed great alarm at the rising incidents of drug abuse in Antigua and Barbuda.

2. The meeting called for urgent and strong action by the authorities in Antigua and Barbuda to eradicate narcotics-dealing and drug-trafficking from the country.

3. The meeting agreed that Antigua and Barbuda would join with other nations in every international forum to devise means to arrest the growth of drug-trafficking. In this regard, Antigua and Barbuda will actively participate in a UN conference on drug-trafficking and an OAS convention on a similar subject.

Terrorism

1. The meeting adopted the position of The Hon Mr Lester Bird, that Antigua and Barbuda has an obligation to denounce, and to work against, international terrorism especially the hijacking of aircraft and the planting of bombs in airports.

2. The meeting endorsed the call by the minister for an improvement in the security arrangements at our airport and sea port. They agreed to work in every international forum to counter terrorist activity.

Investment and Air Services Agreements

1. The meeting discussed the need for securing new investment in the economy of Angitua and Barbuda. In this regard, the meeting acknowledged the necessity for creating a secure environment for investment from overseas.

2. In order to promote the creation of employment opportunities and the development of skills among the young people of Antigua and Barbuda, it was agreed that investment treaties would be concluded during 1986 with the Government of the United States of America, the United Kingdom, and Switzerland.

3. Recognising that air routes are part of the national patrimony of Antigua and Barbuda, and determined to use such routes for the benefit of the people, the meeting agreed that bilateral air services agreements should also be concluded with the United States, Canada, France, Switzerland, and West Germany.

CARICOM and OECS

1. The meeting acknowedged the great value of CARICOM and the OECS to Antigua and Barbuda.

2. The meeting recognised that inter-regional trade was currently experiencing difficulties which are largely a result of the vulnerability of Caribbean economies to the vagaries of the international economic environment.

The meeting agreed that the difficulties of trade were only a temporary setback to CARICOM. They reaffirmed their belief in the importance of a Caribbean community and pledged to continue the work toward its achievement.

3. The meeting agreed that consultation and coordination among CARICOM countries would be promoted in every international forum.

4. The meeting also reaffirmed faith in the OECS (Organisation of Eastern Caribbean States) and stressed the value of the closest working relationship among all governments of the OECS.

In this connection, the meeting recommended that high commissioner O.E. Henry should make visits to a number of OECS countries to renew bonds of friendship and to strengthen direct contact.

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CSO: 3298/288

ANTIGUA AND BARBUDA

GOVERNMENT HIT FOR SECRECY ON LAND DEALS; CLUB MED REJECTED

ATLU Organ's Criticism

St Johns THE WORKERS VOICE in English 11 Dec 85 pp 1, 5

[Text] This newspaper has always advocated open government. We have said time and again there should be no 'secrets' or secret deals which the nation should not know about. The A.L.P. government seems 'hell bent' on keeping many projects which should be the concern of the citizens of the country, from them.

In this article we intend to mention just a few of them. There has been a consistent rumour for some time now that the Jolly Beach Hotel is for sale. It has also been rumoured that it has been sold to Club Mediterranean or is about to be sold to that international chain. It is claimed that all that is left to clinch the deal is for the government to give the green light after agreeing to certain conditions put forward by Club Med. Off hand some of these special conditions are that the north side of the beach should be the private property of the club, that a Casino license be granted and that they should be allowed nearly two hundred work permit as they would have to get rid of half of the staff presently employed by Jolly Beach. It is reported that some members of Cabinet are willing to go along with the sale as it would be a boost to the islands tourist industry to have such an international hotel chain with a link here in Antigua and Barbuda. It is also understood, that the Rt. Hon. Prime Minister, who decides, is not in agreement with the sale of Jolly Beach, but would entertain an application from Club Med. to choose a site and build from scratch as this would offer more employment to Antiguans and Barbudans. Meanwhile we the public can't tell if something goes so or not.

Another rumour is that Halcyon Hotel and Casino which is owned by the government is for sale, and that the present tenant is interested in purchasing it. It is also rumoured that some members of Cabinet are willing to sell, but not to the present operators. They claim that the government has difficulty in collecting rent and other taxes from them. It is also claimed that the present operators have spent a great deal of money on the structure and offsetting their expenses with the rent for the property. The public is concerned that government cannot operate anything properly in Democratic Third World countries, and therefore would like to see the hotel sold so that the millions of dollars of Social Security money which was borrowed to invest in the construction of the hotel and Casino could be repaid, so that an increase in Social Security benefits could become effective from January 1986.

We hold no brief for the present operators, except the cordial relationship between them and their employees whom our union represent, but because on their apparent commitment to remain in Antigua (they are at present spending huge sums of money in renovating the Panorama Room into a first class restaurant, and their commitment to add another 100 rooms to the property if they were given the preference to purchase it, then this newspaper would hope that when the P.M. decides, that in spite of the problem between themselves and government that they be given the preference, and that the present controversial contracts and other documents become the confidential property of the government.

The other project which commended in secrecy and continues in the same vein is the Israeli project at Old Cotton Estate. The people in the area just one morning saw containers headed in that direction and a road hastily resurfaced leading to the area. Up until now the public is unaware of what is taking place up there. It may be testing of high attitude technology or the building of underground nuclear shelters. Open discussion on all these projects and the government's decision on them is what the public wants to hear.

Maybe, just maybe, the people can help decide.

Action on Club Med

St Johns HERALD in English 20 Dec 85 p 2

[Excerpt] The Antigua and Barbuda Government has turned down an application by Club Mediterranean to purchase the Jolly Beach Hotel and set up a branch in Antigua, Prime Minister, Rt. Hon. Vere Bird has said.

He further said the Club has reached an agreement with the present owner of Jolly Beach, Antigua's largest hotel, Dr Erhart, to purchase the property, but the government's okay was needed for the agreement to go through.

According to Mr Bird, the deal was turned down after it became clear that Club Mediterranean planned to lay off some 200 Antiguan workers and bring in over one hundred of their own staff.

Mr Bird said the prospect of 200 workers losing their jobs, would be too big a price to pay for the presence of the Club.

Club Mediterranean had planned to operate the old Jolly Beach as a regular hotel, and reserve the new section for Club members. There was also plans to parts of the beach, which was earmarked for the exclusive use of Club members.

Meanwhile major expansion work is now in progress at five hotels on the island. Millions of dollars are being spent on upgrading and renovating the St James's Club, the Curtain Bluff, Hawksbill, Atlantic Beach Hotel, now called Sandpipers, and Beachcomber Hotels.

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CSO: 3298/288

BRIEFS

AIRPORT IMPROVEMENTS LOAN--London, Jan 15--Antigua and Barbuda's aviation minister, Vere Bird Jr, has signed a loan agreement with a five-bank consortium for U.S. 11.1 million dollars to carry out a redevelopment of the landing and parking facilities at the country's international airport. Eighty percent of the loan was provided by give French-based banks, including Credit Lyonnais, with the remaining 20 percent provided by Barclays Bank and Swiss America Bank in Antigua, a statement from the Antiguan High Commission here said. The loan, signed yesterday in Paris, will finance the resurfacing of the tarmac at the V.C. Bird International Airport as well as provide for the expansion of the parking apron and improved landing lights. The high commission said that Antigua and Barbuda's tourism rose 8.1 percent in 1985 when the island welcomed the highest number of stayover visitors in its history. Widebodied aircraft from the U.S., Canada, West Germany, Switzerland, the UK, and the Caribbean now fly into Antigua on a daily basis. Bird said that the airport's facilities will now be upgraded to cater for the urgent needs of the increasing number of aircraft calling at Antigua. [Text] [Bridgetown CANA in English 1830 GMT 15 Jan 86 FL] /9365

EEC LOAN FOR ROADS--The Government of Antigua and Barbuda is to receive $3.5 million from the European Economic Community for major road work in the country. This is the first phase of a major rehabilitation program to be financed by the EEC and the Government of Antigua and Barbuda. Deputy Prime Minister Lester Bird said a certain amount of the funds is being provided as a loan with another part being received as a grant. Mr Bird also disclosed that the British Development Division is also providing five experts who will manage the project. [Text] [Bonaire Trans World Radio in English 1130 GMT 15 Jan 86 FL] /9365

ATLU NEGOTIATING SUCCESS--Negotiations in order to amend the existing contract between the Halcyon Cove Hotel and the Antigua Trades & Labour Union on behalf of all hotel employees ended on a successful note on Thursday 29th November, 1985. Proposals to amend the contract were submitted to management sometime in July. These amendments sought to improve working conditions and to increase wages and benefits for the hotel employees. After a session of give and take, an accord was reached, satisfactory to both sides. The Union was able to secure improvement and increases in Sick Leave, Maternity Leave, Vacation, Severance pay, Meal Allowance and wages among other things. The workers agreed to discontinue the process whereby the service charge was paid to employees on

sick leave. Management felt that this unique practise was responsible for a large percentage of absenteeism at the hotel which proved very costly over the years. Another concession made by the employees was to allow local members of Management so share in the gratuity or service charge. An increase in wages of 26 percent was agreed to effective from 1st August 1985. [Excerpts] [St Johns THE WORKERS VOICE in English 4 Dec 85 p 1] /9365

EMPLOYERS FEDERATION MEETING--The Antigua Employers' Federation held its 36th Annual General Meeting on Wednesday 20th November, 1985 at its headquarters on No 7 Redcliffe Quay, Redcliffe Street. The main items on the Agenda were adoption of the Secretary's report, the Chairman's address, and the elections of Officers. In his address, the Chairman, Mr Peter Williams, was high in praise for the Industrial calm during the past year, but appealed to members not to be complacent since this situation could not be considered indefinite. He supported the appeal by the Antigua and Barbuda Bar Association for the immediate reactivation of the Industrial Court, whose proper functioning was of vital importance not only to the general industrial climate but also to the country's development as a whole. It was his view that the government should appoint the members of the Court as a matter of right and expediency so that it can provide the service for which it was created i.e., to arbitrate on disputes between employers and employees within reasonable time-frame. He closed his address by hoping for a dispute free, 1986. Mr Peter Williams was reelected chairman and Mr Armald Derrick, vice chairman, who along with Messrs K. Techiera, C. Browne, E. Sweeney, I. Shoul, C. Rodgers, B. Gonsalves, L. Webson, W. Denis and Mrs C. Potter from the Governing Committee which will administer the affairs of the federation for the fiscal year 1985/86. [Text] [St Johns THE WORKERS VOICE in English 4 Dec 85 p 4] /9365

CSO: 3298/288

CRESPO DENIES EXISTENCE OF 'VESTED INTERESTS'

PY290135 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2140 GMT 27 Jan 86

[Excerpt] Buenos Aires, 27 Jan (NA)--Air Force Chief of Staff Brigadier General Ernesto Crespo today denied the existence of "vested interests" within the Air Force blocking the initiative of transforming the aeronautics factory complex in the Cordoba war materiels area into a joint venture as charged by three professional associations in Cordoba.

In statements to Radio Mitre, Crespo said that "the Air Force and the personnel working in the factory fully agree on what is being done. He added that a commission had been set up and is working on this transformation and planning the steps that must be taken in order to achieve the goal."

Crespo said that the Air Force, "acting on its own initiative, is seeking to withdraw partially from this project because it was the Air Force itself that had proposed the Industrial Promotion Law. Therefore, these proposals that are now being made by professional associations had been made earlier by the Air Force, that is, on 10 October 1985. Since then the Air Force, has faithfully complied with them."

In Crespo's opinion, "one cannot change something that has been operating poorly organized because the aeronautics factory and its various facilities functioned as a factory and not as an enterprise."

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CSO: 3348/391

ARGENTINA

IGLESIAS ROUCO QUESTIONS GOVERNMENT'S AMBIVALENT STAND

PY291645 Buenos Aires LA PRENSA in Spanish 23 Jan 86 pp 1, 4

[Commentary by J. Iglesias Rouco entitled: "Where Is the Government?"]

[Excerpt] A few days ago in Villa Regina, Mr. Alfonsin launched an unexpected attack against the "extreme" left. This came as a result of serious incidents in Buenos Aires during the visit to Argentina of Mr. [David] Rockefeller. But as [former Economy Minister Alvaro] Alsogaray has well-noted this is the classical attack of those who sow the wind and reap whirlwinds. However, we should ask ourselves who is sowing the wind in Argentina, and what and who is reaping the whirlwinds. Because it is a fact that the street demonstrations against Rockefeller and "the North" has not only been promoted from the left but also from Government House itself. Was it not Mr Aldo Tessio, Marxist ideologist and well-known presidential adviser, who described the U.S. banker as one of the main "bloodsuckers" of Argentina?

The present outbreak of "rightist rash" that Government House is experiencing, which is similar to the "leftist rash" experienced in 1984 and 1985, can open doors to new and convenient "destabilizations" but it has other, perhaps more serious, defects. Let us say that despite the Villa Regina speech, the government has not yet answered any of the numerous questions raised by its leftist-trend policy at the national and international level, which in comparison with the alleged maneuverings of the PC [Communist Party] and the MAS [Social Affirmation Movement], or with the alleged intervention of Invernizzi (who is still connected to the ERP [People's Revolutionary Army] in the Devoto prison riot--which further "supports" our theory about the new anti-ultraleftist government policy--are quite more consistent than its new "rightist" signals. Without going into details about Foreign Minister Dante Caputo's anti-U.S. adventurers in Contadora, or Argentine financial cooperation in Nicaragua and Cuba in provocations against the Church, or in the increasing economic statism, or in the close contacts of Mr. Portantiero (who was expelled from the PC for its Trotskyite ideas in the 1960's) or Mr Divinsky [not further identified] with the presidency, it is worthy to raise several questions.

1) What did the government do with the information regarding the connection that the subversive "base" that was discovered in October in La Paz (see our articles dated 21, 22 January) and with the Montoneros? This information was supplied in October and it included a telephone number in Buenos Aires which

served that connection, which we disclosed yesterday. Did the government investigate this end? Did it investigate the "flight" of a large number of Argentine documents, which had not been filled out, to that Bolivian "base?"

2) Why, while Mr. Alfonsin is issuing harsh criticism against the "ultra-left," has the media under his control "forgotten" the enormous arms cache that was discovered in early January in Formosa? This arms cache was apparently en route to Paraguay. It was made up of mortars, submachineguns, heavy machineguns, (some even with tripods), grenade launchers, anti-tank rockets, over 3,000 7.62 mm bullets, and about 100 kg of TNT?

3) Is it true that by mid-1983, two representatives of the Alfonsin-led faction met [Montoneros leaders] Daniel and Fernando Vaca Narvaja in Barcelona (Daniel had close links with Gloria Bidegain) and that the latter offered letters of introduction from a former ambassador and from Hector Villalon to the Radical representatives? What do Mr Caputo and Mr Solari Yrigoyen know about this meeting? Wasn't there a second meeting in September 1983, in Paris, between the same representatives and [Montoneros leaders] Mario Firmenich, Fernando Vaca Narvaja, Roberto Perdia, Obregon Cano, and Bidegain, who proposed a "truce" and even the dissolution of the Montoneros if the Radical administration--in case the Radical Party won the elections--allowed them to return to Argentina and act within the law, "forgetting" the past? Is it true that after the proposal was initially accepted and after consultations with Alfonsin in Buenos Aires, in which Mr Roulet [Secretary of Public Functions] also participated, a third meeting was held in Paris, at the house of one of Alfonsin's personal friends (who later held an official post)? Is it true that during the third meeting, particular attention was given to the case of Fernando Vaca Narvaja, against whom the Italian Government issued an arrest warrant after an apartment he shared with alleged Red Brigade members in Rome was raided? Did the Alfonsin-led faction try to neutralize that arrest warrant? Despite the fact that this attempt failed, did any of Alfonsin's aides promise to maintain Vaca Narvaja's identification "Secret" if he decided to return to the country? What does Mr Aldo Tessio know about the "explanations" which the Buenos Aires government has reportedly given Firmenich, Vaca Narvaja, and Bidegain in Mexico city on the arrest in Buenos Aires of Obregon Cano, and which were not completely satisfactory for the Monteneros leaders? Why wasn't Vaca Narvaja arrested when he was spotted by the "Alem" group in Buenos Aires, in greater Buenos Aires, and in La Plata, where he was working "underground?"

And finally, a question on a more current issue: Did the presidency some days ago ask something from the SIDE [Secretariat for State Intelligence] Psychological Action Department in connection with some "leftist" leaflets that are circulating in Buenos Aires? Is the office on Billinghurst Street aware of this request?

We reiterate: It is still impossible to know where the government is standing, whether on the left, the right, or the center, or whether it is up or down (or under). It is even hard to know whether it is actually there.

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CSO: 3348/391

PAPER, FNM CHIDE PINDLING FOR NOT MEETING WITH BUSH

Nassau THE TRIBUNE in English 3 Jan 86 p 1

[Article by Athena Damianos]

[Excerpts] US Vice-President George Bush ended a five-day visit today without meeting Prime Minister Lynden Pindling, who has been relaxing on a luxurious yacht in the Exumas.

"The Prime Minister is away, or was away. I think he was back today. He was on his vacation. He had to have a rest and this was arranged a long time ago," Mr Maynard said.

Sir Lynden spent New Year's holiday at Staniel Cay, Exuma, aboard the luxurious 90-foot yacht Marantani II, owned by his friend Garet "Tiger" Finlayson.

The plush yacht is fully computerised, has a bathroom with gold fixtures and jacuzzi, and utilises a satellite communications system from which the Prime Minister can dial the world.

"When the man who is one heartbeat away from the President of the United States comes to the Bahamas with one of the purposes being to hold high-level talks with top Bahamian officials, I would have expected the Prime Minister of our country to have acted more courteously towards the man by being present when these discussions were held and also to welcome him personally to the Bahamas when he arrived," FNM chairman Cecil Wallace-Whitfield said today.

He said that Sir Lynden could achieve more for the Bahamian people through an attitude of warmth and by being present during important discussions.

"Even if relations (between the Bahamas and US) are good, the person who is one heartbeat away from the United States President deserves a warmer welcome," Mr Whitfield said.

While US and Bahamian officials assured the public that relations are good, Sir Lynden's absence during the Vice Presidential visit has raised eyebrows. A number of people telephoned THE TRIBUNE to ask why he wasn't included in the high-level talks.

"Don't you think it's a shame that the Prime Minister is cruising the Exumas in a boat with 'Mailman Bowe,' George Smith and Kendal Nottage instead of meeting with the Vice-President?" an anonymous telephone caller, who appeared to be speaking by marine radio, asked.

THE TRIBUNE was unable to confirm who accompanied Sir Lynden to Staniel Cay. The Cabinet Office would not say where he was.

/9365
CSO: 3298/291

PINDLING OFFERS NEW YEAR'S MESSAGE, NOTE OF OPTIMISM

'Be Millionaire' Message

Nassau THE TRIBUNE in English 2 Jan 86 p 1

[Article by Athena Damianos]

[Text] **PRIME MINISTER Lynden Pindling, in a televised New Year's Day message, encouraged Bahamians to take advantage of the "opportunities" provided by his Cabinet to become a millionaire.**

Sir Lynden, whose Cabinet was badly shaken by a Commission of Inquiry into drug trafficking, also boasted that Government revenues for 1985 increased by $50 million over 1984 and he had good reason to expect a similiar increase for 1986.

It is believed that a substantial portion of the increased revenue is the direct result of hefty tax increases he implemented as Minister of Finance at the beginning of 1985.

Dressed in a plaid jacket and striped shirt with polka dot tie, Sir Lynden painted an extremely optimistic picture, predicting that 1986 would be "another" year of opportunity.

He said that with hundreds of new hotel rooms being added, it would be a year of opportunity in tourism.

"With your disposable income rising steadily and new shopping centres coming on stream, it will be a year of opportunity in the retail trades. With hundreds of new homes being built for you, it will be a year of opportunity for contractors and construction workers," he said.

His listening audience heard that private businessmen would expand to new markets and the Hotel Corporation beyond New Providence, making it a year of opportunity for the Family Islands.

"Expansion in agriculture means opportunity for farmers. If you are a cab driver, a waiter, a maid or a mason, 1986 could well be the year you could move into the house you wanted to own all your life," Sir Lynden said.

"I wish to say this, however. All that my streamlined Cabinet can do is to provide the million dollar opportunity: only you can make you a millionaire. If you choose not to take advantage of the opportunities provided and get distracted by the noise in the market, it will be nobody's fault but your own.

"If you do not prepare yourself to take advantage of opportunities, that will be nobody's fault but yours. The facts are that the groundwork for our economic programme is in place and the engines of fortune are already turning."

Sir Lynden said that a new, much needed, long overdue and unprecedented level of cooperation has been developed between the public and private sectors and it is producing an economic reality that the country has never experienced before.

"But, the sad experience of countless ages is still that there is no way to guarantee that all of us will make it. That is because some of us who have no real interest in your progress will try to stifle yours. That is because others of us will try in public to keep you poor but ask me in private to help them make money. That is because there are still others of us who will prefer to sniff and smoke and drink rather than plan and work and think," he said.

Sir Lynden said there has been a recent upswing in the construction industry and a strong expansion in the tourism sector which has given a healthy boost to employment. He did not comply with recent requests by Members of his own party to make public the unemployment figure.

He said Custom Department records indicate and retail trades confirm that purchases of major household items have surged.

Sir Lynden said that the "energetic pursuit of sound economic policies" have produced solid benefits for the Bahamas overall.

"In fact, I am happy to be able to tell you that Govern-

ment revenues for 1985 increased by some $50 million over 1984 and I have good reason to expect a similiar increase for 1986. Our success has been such that it has brought observers from governments all over the region seeking to learn what our formula is."

While he boasted about increased revenue, Sir Lynden failed to say whether it was from the tax increases he introduced during the 1985 Budget which he predicted would generate an extra $25 million. It now appears that his estimate may have been conservative.

In addition to an almost across-the-board tax increase on imports last year, he increased the tax on gasoline by five cents for the second straight year.

Government's tax on gas has gone from 25 cents a gallon in 1982 to 45 cents in 1986. It is believed that at $1.73 a gallon, gas in the Bahamas now costs more than it did during the height of the 1972 oil crisis. Oil prices fell and then remained generally stable following the crisis. However, the price rose in the Bahamas because of increased tax, contributing to inflation.

Reply to Church Criticism

Nassau THE TRIBUNE in English 11 Jan 86 pp 1, 13

[Article by Anthony Forbes]

[Excerpts] PRIME Minister Sir Lynden Pindling took the Bible last night to reply to church leaders who criticized his "become a millionaire" remark in his New Year's Day message. He said "it is not wrong or a sin" to aspire to economic power.

"If any Bahamian prefers to let himself or herself be fooled by those who already have personal economic independence, that it is wrong for them to take advantage of the million-dollar opportunities, then that's their affair," the Prime Minister said.

The Prime Minister's remarks were apparently aimed at Roman Catholic Bishop Lawrence Burke, Anglican Bishop Rt Rev Michael Eldon and Baptist Leader Rev Dr Charles Saunders, who have called his statement, broadcast over radio and television, "ill-advised."

Sir Lynden's response, four days after the clergymen's rebuke, came in an address at a banquet at the Polaris Hall of the Holiday Inn Hotel, Paradise Island, commemoreating the 19th anniversary of the ruling Progressive Liberal Party's rise to power.

Although many were in attendance, there were still numerous empty seats in the spacious Polaris Halls.

"You will remember, once upon a time, we in the Progressive Liberal Party had to convince the black majority that it was not wrong, that it was not a sin to aspire to political power, that the black majority should govern themselves and that we could govern ourselves," the Prime Minister said.

"All of that has now been done. It is widely accepted and it is no longer an issue," he said.

"Today," said Sir Lynden," "we have a different issue. Today, it is absolutely clear that we must similarly convince the black majority that it is not wrong, that it is not a sin to aspire to economic power, that we should have economic power and that we could have economic power.

"Who can deny that we have been blessed and are still being blessed with growing opportunities?" he asked. "No

one, I dare say. I believe that we are blessed with an opportunity and if we refuse to use it, we may be cursed and lose it."

"I am sure too, that church leaders will correct me if I am wrong in that belief because that is the lesson that I have learnt in the parable recorded in Matthew 25, verses 14 to 30," the Prime Minister said.

Responding to the Prime Minister's New Year's Day remarks, the Catholic, Anglican and Baptist church leaders thought that a more appropriate emphasis would have been placed against materialism.

Noting that he was surprised to read Sir Lynden's millionare remarks, Catholic Bishop Burke said: "I also agree that it was ill-advised."

Pledge to Grand Bahama

Nassau THE TRIBUNE in English 13 Jan 86 pp 1, 4

[Article by Athena Damianos]

[Text] PRIME Minister Lynden Pindling took his "become a millionaire" campaign to Freeport Saturday and promised to do his "lawful best" to burst Grand Bahama open with tourists and business.

In what some observers feel is a move to overshadow the upcoming FNM Convention, the PLP announced the names of five potential candidates it plans to field in Opposition constituencies in the next general elections yesterday. However, they have not been ratified and it is unusual for the PLP to tip the Opposition off on "election" information.

The four-day FNM Convention opens at Holiday Inn Tuesday and will be televised nightly from 7 pm until closing.

The PLP, in a sudden burst of activity, held banquets in Nassau and Freeport over the weekend to celebrate its 19th anniversary of rule. Monday night, Sir Lynden was interviewed on an hour-long radio and television programme. He used the occasion to try to downplay the dissident faction in the party.

Sir Lynden, who revived his "economic independence" message New Year's Day, used the ocassion to elaborate on the theme.

The Tribune confirmed today that 850 people attended the PLP banquet at the Polaris Hall, Holiday Inn, in Nassau Friday. Seating had been arranged for 1,000.

Drawing upon the scriptures to support him in Freeport, he said:

"We can work a miracle together in Grand Bahama, but to do that you and I will both have to agree on what are the essential ingredients that go into making miracles. As you will see in the parable of the mustard seed in Mathew 13 verses 31 and 32, all miracles are acts of God; and all miracles require definitive elements of faith and work.

"I have often said that luck is the combination of opportunity and work. A miracle, however, is the combination of faith and work. If, therefore, you and I can agree with that faith and work we can produce a miracle and then we have a deal."

Sir Lynden, who caused a flight of foreign investment as a result of his "bend or break" Freeport speech, said that there will be new million dollar opportunities in business in Grand Bahama.

"These opportunities must be made available to new Bahamian entrepeneurs," he said.

He said that the new shops and businesses in downtown Freeport, the Government-owned Lucayan Beach Hotel and proposed Burbon Street should not be made available only (his emphasis) to those people who already have businesses "because to do so would not be conducive to peace."

"After all of mankind's experience in this life surely we must have been convinced by now that one of the best ways to bring about and to secure, in practical terms, the peace on earth which just one month ago we claimed to want is for us to develop and maintain a system in which more and more of us have a piece of the earth," Sir Lynden said.

He pledged that he would do his "lawful best" in 1986 to burst Grand Bahama open with tourists and business and asked residents to pledge that they would do their lawful best to satisfy those tourists and keep that business.

A year ago Sir Lynden pledged to establish branches of the Registry and Ministries of Finance and Economic Affairs in Freeport. Grand Bahama is still waiting for them.

He said that things are already beginning to happen in tourism, business and industry

and that Grand Bahamians will have to be ready to take full advantage of them. The time to think about and plan the future is now; the time to work and reap your future is tomorrow, he said.

"I know it has not been easy in Grand Bahama these last few years. As a matter of fact, whether you believe it or not, it has not been easy anywhere; but I also know, as a matter of fact, that more Bahamians are doing better today than they have ever done in their lives. The Progressive Liberal Party Government would like to make that true for all Bahamians in 1986 and as far as we can see into the immediate future," Sir Lynden said.

He said that the PLP would still meet considerable resistance in the marketplace, by which he meant by banks and in the Employer's Association.

"I need your help to persuade them all that all we want them to do is put Bahamians on their feet," he said.

Sir Lynden said that Grand Bahamians still seem afraid that the way ahead is too rough.

"I'm afraid that in Grand Bahama, there is no other way. The only consolation I can offer is that it may not be as rough as it used to be. When Freeport was originally conceived 30 years ago, Bahamians were not included in the picture in any meaningful way and that is why we have had to fight our way in right from the beginning," Sir Lynden said.

"We still have to fight to stay in and, once we're in, we're going to have to fight to move up. All that means, however, is that we have to come up on the rough side of the mountain. But, having got there through one formula for producing miracles, we will have the satisfaction that no one will ever be able to displace us."

Sir Lynden then quoted from a hymn:

"I'm coming up on the rough side of the moutain

I must hold to God, his powerful hands.

I'm coming up the rough side of the mountain.

I'm doing my best to make it in."

He said that in 1986, "the PLP Government will do all that it can lawfully do to help you make it in. It will be doing that all over the Bahamas. That is why I have no doubt that all those who are prepared to see miracles will have a happy, hard working and prosperous year."

Sir Lynden said in Nassau Friday that the time had come for the PLP Government to translate the significant political freedom of Bahamians into major economic advance. He went on to talk about economic independence. He said this is difficult to achieve, but not impossible.

Sir Lynden has used the "economic independence" theme on a number of occasions over the years, sometimes under a different heading. For instance, he once vowed to change the complexion on Bay Street. There has been no dramatic change in this area.

/9365
CSO: 3298/291

ISAACS DELIVERS FNM NEW YEAR'S MESSAGE TO NATION

Nassau THE TRIBUNE in English 2, 3 Jan 86

[Article by Anthony Forbes]

[2 Jan 86 p 1]

[Text] **IF THE Government of Prime Minister Pindling does not hold early elections, the Free National Movement will call on its followers to demonstrate for democracy, fairplay and decency, Official Opposition Leader Kendal Isaacs warned Tuesday.**

In his 10-page New Year's day message to the Bahamian people over Radio Bahamas, Mr Isaacs said the country is being led to ruin by an "uncaring government riddled with corruption." He said the FNM stands ready to make the transition from loyal Opposition to competent government.

According to the former Attorney General, an FNM Government will set about immediately to restore the confidence of Bahamian and foreign investors so that clean money will flow into the country to create more and more jobs.

The FNM Leader's message was broadcast at 76:30pm Tuesday over ZNS 2 and 3 and over ZNS TV-13 at 8:30pm.

"I think the majority of you must certainly agree with me that it is time to bring this state of affairs to an end and to begin the reconstruction of the country," said the FNM Leader, who is MP for Delaporte.

"I am confident when I say to you this evening that the Free National Movement stands ready to make the transition from vocal Opposition to competent government," Mr Isaacs said. "Our party is stronger now than it ever has been and it is growing day by day."

"I am proud to be the Leader of such a group of seasoned, competent and mature colleagues together with an increasing number of vibrant, dedicated and imaginative young people," Mr Isaacs added. "We await your call to service."

"An FNM Government will set about immediately to restore the confidence of Bahamian and foreign investors so that clean money will flow into the country to create more and more jobs," the Opposition Leader declared.

Mr Isaacs said that to achieve this, an FNM Government will process in a reasonable time all proposals for investment and, having done that, will abide by agreements with investors.

"We will put a stop to the harrassment of investors by hordes of con artists, bagmen and assorted leeches seeking

something for nothing," the FNM Leader pledged.

He also said that an FNM government will enforce the laws against bribery and other forms of corruption and will not tolerate these practices in its own ranks.

"I promise you this not only for the sake of encouraging investors but, even more importantly, to give good example to the nation especially our young people; to show them that there is no glamour in being crooked but there is dignity in honest work for honest pay and that there are standards of service and achievement other than the amassing of huge fortunes," Mr Isaacs said.

He said that an FNM Government will be committed to the improvemenmt of the tourist trade not only in Nassau and Freeport but in our beautiful Family Islands.

"We believe that national stability can only be assured if people are able to find worthwhile employment in their own communities rather than overcrowding Nassau in search of jobs," Mr Isaacs said.

"Towards this end also, an FNM government will encourage agriculture, fisheries and light industries as a means of creating more jobs and cutting back on our massive annual expenditure for food imports," he said.

He said that the FNM firmly believes that there is great potential in Bahamian agriculture and fisheries which remains largely untapped because of PLP neglect and insincerity.

"This neglect and insincerity is clearly demonstrated each year as the PLP Government talks a lot about agriculture while spending little to encourage it," Mr Isaacs said.

He said that an FNM Government will continue the development of the social security system so that the needs of the poor will be met and so that senior citizens will be able to maintain some dignity in the evening of their lives."

"We say flatly that the non-contributory pension now paid to the old folks is too little and we will increase it to a more realistic level," the Opposition Leader declared.

"These and other plans which we have for the reconstruction of the country will be further explained at our national convention which is scheduled for January 14 to 17 in the New Year," he said.

Mr Isaacs thanked FNM members and supporters for the help they gave the party in all its undertakings during 1985 and said he was particularly proud of the way they turned out for the many demonstrations during the year up to and including the Queen's visit last October.

"If the PLP Government fails to do the decent and honourable thing and hold early elections, I shall confidently call upon you again in 1986 to demonstrate for democracy, fairplay and decency," Mr Isaacs said.

"To all of our brothers and sisters throughout the Bahamas, my colleagues and I wish you a New Year filled with hope and opportunity and most particularly we wish you a new, caring and competent government by the Free National Movement."

[3 Jan 86 p 4]

[Text] Official Opposition leader Kendal Isaacs, QC, warned Bahamians in a New Year's message over ZNS Radio and TV-13 that large scale unemployment and the nefarious drug trade have produced a "time-bomb" ticking away "in the innards" of the nation.

"With regard to the state of our beloved country, I regret that there is little I can point to with any degree of satisfaction. Indeed, the state of our national affairs is worse now than it was in 1984," Mr Isaacs said in his message, broadcast over ZNS 2 and 3 at 7:30 pm and over TV-13 at 8:30 pm Tuesday.

"The governing party is in a state of confusion, deep division and strife, and the foul odour of corruption still hangs about them," the FNM leader said. "Yet they insist on hanging onto the Government instead of coming back to you, the people, so that you might issue a new mandate to a new government."

Mr Isaacs noted that former members of the Pindling Cabinet who are now backbenchers are undisguisedly at variance with their chief, Prime Minister and Minister of Finance Sir Lynden Pindling.

He recalled how former Housing and National Insurance Minister Hubert Ingraham and former Minister of Tourism Perry Christie, were fired from the Cabinet because of, as Mr Ingraham put it, "corruption all around me in the government."

Mr Isaacs further recalled how former Finance and Deputy Prime Minister A.D. Hanna resigned his positions for similar reasons which he stated simply to be a matter of rights and wrong.

He reminded his audience that at the PLP's convention in October, Mr Hanna warned his party against "the mistaken belief that, right or wrong, the Bahamian people will stick with and continue to support us."

According to the Opposition leader, Mr Hanna went on to say: "When all the tumult and the shouting and the celebration will have died, no matter how fervently we call upon the Lord or designate our deeds to be His deeds, we will soon realize that we have not been empowered by God with the ability to make right wrong or wrong right.

"The party must demand that the Bahamas be redeemed from political dishonesty and corruption; redeemed from lawlessness, neglect, unemployment, hopelessness, despair, and criminality."

Mr Isaacs said that in all the internal wranglings of the PLP Government, the resignation of Mr Hanna has been the greatest blow administered from the inside to the Prime Minister.

"This has been an incredible occurrence since there were precious few people who expected to see the day when L O and A D would be separated politically," Mr Isaacs said.

He said that Mr Hanna had been, through all the previous years, Sir Lynden's close friend and closest colleague in politics, as well as the Prime Minister's Deputy and greatest defender in parliament.

He said that Messrs Hanna, Ingraham, and Christie and others who might still differ with the FNM on certain policy points, are nevertheless saying some of the very things the FNM has been telling the Bahamian people for years about the direction in which the Prime Minister has been taking the country.

Mr Isaacs recalled that the FNM accused Government of corruption long before the Royal Commission of Inquiry officially exposed shocking incidents of corruption affecting the governing party and the government.

"We believe that systematized corruption and peddling of political influence continue unabated and that the Pindling administration does not have the credibility nor the political will to deal with it," Mr Isaacs said.

He said that the fall-out from this unfortunate state of affairs is having destructive effects on the society and its institutions and, indeed, it would appear that corruption is becoming institutionalized.

"The rip-off attitude is becoming more evident at nearly all levels as many try to emulate the greed, selfishness and brazenness they see at the top," he said. "Our traditional values are being seriously dislocated and even the perception of the value of money is out of kilter because so much of it is being made by so many in a corrupt fashion."

He recalled that the FNM had warned government that massive unemployment is a serious problem which had to be addressed if the society is to be placed back on a safe course.

He said that by government's own reckoning there are 21,000 people who are unemployed and that is a huge percentage when one considers that the work force in the country is just over 100,000.

"But we believe that unemployment is even higher," he said. "In any event, the government admits now after so many empty promises that there is nothing on their drawing boards which will produce anywhere near full employment in the foreseeable future."

"Unemployment on such a tremendous scale and the nefarious trafficking in drugs have produced a time-bomb ticking away in the innards of the nation," the Opposition Leader said.

"Many of our youths who should be employed at decent, honest work are being recruited by the pushers and are themselves becoming victims of drug abuse," he said. "So we see an increasing number of our young people who, having been turned into vicious criminals, are terrorizing the community including sometimes their own parents."

The FNM, he said, generates with even greater conviction its previously stated policy that government should not become involved unnecessarily in the private business sector.

He said that what government should do is to direct its energies to creating the right atmosphere for encouraging private capital investment and to do those other things that a government ought properly to do.

"And you know what they are: keeping the roads, docks, airstrips and schools in good repair; keeping the hospital in supplies of essential items so people will not have to die for lack of proper medicines; keeping drinkable water flowing to homes and business places; and taking care of the poor, the sick and the old who cannot take care of themselves," the Opposition Leader said.

Mr Isaacs said that the PLP Government has neglected to do these things and have, instead, squandered millions of dollars trying to run businesses that should be left to private enterprise.

Nothing that the case of the Lucayan Beach Hotel in Freeport is a good example, Mr Isaacs said the Hotel Corporation, which was until recently under the chairmanship of the Prime Minister himself, has been repairing and refurbishing this hotel for nearly 10 years since it was acquired.

"Some $35 million has been poured into the hotel and casino and for all these long years that complex has not been in a position to open," the Opposition Leader said.

"I understand that construction is still going on and that a further $10 million will have to be spent before it is opened," Mr Isaacs said. "This is a scandalous waste of the public's money which could have been better put to use."

"Instead, the public has to suffer neglect in essential services and facilities and still has to turn around and pay additional taxes so that the borrowed money, interest on the loans and losses can be paid off. And this will take a long time and lots of taxes at the present rate," he added.

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CSO: 3298/291

PAPER DENOUNCES PINDLING FINANCES, SELL-OUT TO WEALTH

Freeport THE FREEPORT NEWS in English 10-12 Dec 85

[Editorial in three parts: "Hungry Tigers Now Political Fat Cats?"]

[10 Dec 85 p 2]

[Text] Part 1

Eighteen years ago, the men who took over the reigns of power from the United Bahamian Party were courageous tigers of modest means bent on championing the cause of those who like themselves had strong and easily identifiable ties to the "grassroot" Bahamian.

They had suffered and laboured under the same restraints of their less fortunate black brothers who politically, socially, and economically were deprived of full citizenship in their own Bahamaland.

Today these same men, particularly those who survived politically, have become accustomed to a new more luxurious lifestyle in a politically independent and socially mobile Bahamas. They have grown from hungry and courageous young tigers into overbearing political fat cats.

One former PLP senator on more than one occasion described himself as a "fat cat" a condition he said was due to the present government and which he apparently took great and unabashed pride on.

Many of the Representatives of the People have become millionaires.

The latest disclosures of the assets and liabilities of Parliamentarians released in April of this year revealed no fewer than 14 legislators both Opposition and Government who were in the millionaire bracket. They are:

Senator J. Henry Bostwick and his wife, Mrs Janet Bostwick, M.P. for Yamacraw; $1,90,990;
Senator Ishmael Lightbourne, $1,138,006;
Transport Minister Philip M. Bethel, $1,076,759;
Kendal G.L. Isaacs, leader of the Opposition, $1,304,566;
Edison Key, M.P., for Marsh Harbour, $2,042,895;

Cat Island M.P. Ervin Knowles, $2.656,911;
Maurice Moore, High Rock M.P., $1,492,791;
Wilbert A. Moss, Acklins, Crooked Island and Long Cay representative, $1,141,816;
St. Agnes M.P. Kendal W. Nottage, $8,135,591;
Sir Lynden, $1,153,015;
Orville A. Turnquest, Montagu M.P., $1,604,305;
Cecil V. Wallace-Whitfield, M.P. for Pine Ridge, $2,080,396

The Prime Minister disclosed a salary pegged at $113,000; no realty income, security income at $44,236 and other income (undisclosed), of $7,800.

His assets, which total $3,229.628, include savings account(s) of $35,045; current account(s) of $1,156; securities of $386,425; real estate of $2,337,500; other personal property, $363,952; accounts receivable, $9,500; automobiles, $46,500 and cash value of life insurance(s) $49,550.

Sir Lynden's liabilities total $2,076,613. They include real estate mortgage(s) payable, $1,117,009; notes payable-secured, $177,820; notes payable-unsecured, $759,581 and other accounts payable, $22,203.

But you will note that the spending trend of the Prime Minister is such that even the most astute accountant would have a hard time if he were challenged to match income with expenditure. Inspector Frank Andrew Richter of the investigating staff of the Government appointed Commission of Inquiry testified during those hearings that Sir Lynden and Lady Pindling between January 1, 1977 and December 31, 1983 made deposits into their bank accounts of $3.5 million over and above his official income as Prime Minister.

Inspector Richter who examined the personal finances of the Prime Minister found that:

(a) the Prime Minister over a six year period earned approximately $500,000 and has spent in excess of $4 million.

(b) Sources of an excess of $180,000 deposited to the Prime Minister's account have not been identified.

(c) Evidence alleges that the Prime Minister received in excess of $339,000 from the transfer of shares from the Paradise Island Bridge Company Limited to a non-Bahamian company.

And while there is no indication that several loans and contributions to the Prime Minister in the six figure bracket (which include huge sums from Edward St. George and Jack Hayward of the Grand Bahama Port Authority) were in any way connected to drug trafficking, they do show a propensity by the Chief executive to live well beyond his income.

There is in fact nothing wrong with men in politics seeking to prosper and one would in fact expect their leaders to move up in life and gain some wealth but not while those who put them in positions of trust are suffering.

But the people's party has been accused of neglecting those who elected them by none other than the man who for several decades stood one heart beat away from the office of the Prime Minister.

There would be reason for rejoicing among the masses if they too were able to show great bank balances. Instead far too many of our brothers and sisters do not even have a job.

[11 Dec 85 p 2]

[Excerpt] Part 2

And therein lies one of the fundamental reasons for the former Deputy Prime Minister's fall out with his chief, the nation's Prime Minister during this current debate in Parliament over the 1986 budget allocations.

Arthur D. Hanna, Representative for Ann's Town and former Finance Minister has taken strong exception to any cutting of social services to the poor and had stated clearly that he will not compromise his principle on assistance to children, the poor and the needy for such would leave them to "doom swift and terrible."

"The poor are asking for food now and cannot get it...it isn't right to cheat little children."

"I have no other reason for being in here other than to serve those who can't speak for themselves..." Mr Hanna told Parliament. "I can earn a living...but that isn't my problem; my problem is to help those who can't make a living."

[12 Dec 85 p 2]

[Excerpts] Part 3

Twenty years ago, when Lynden Oscar Pindling was leader of the Opposition Progressive Liberal Party, his voice along with those of men like the late Clarence Bain and Milo Butler, was lifted in strident outcry against corruption in government and the injustices which the then UBP Government had heaped upon the Bahamian masses.

That was at a time when Mr Pindling was still a youthful lawyer fresh from London and fired with championing the cause of the people.

He was at that time a man of modest means, residing in a comfortable but unpretentious home among people of like circumstance.

But then Mr Pindling like the late Mr Butler and Mr Bain, were men with a burning and just cause. They were fighting a battle for political, social and economic freedoms for all the people. They were like hungry tigers in their quest for justice, equality and honesty in government.

Sir Lynden is today an older and perhaps less politically hungry Chief Executive whose Government has been reeling for the past two years under the heavy weight of national scandal and corruption which threatens still to topple the 18-year-old rule of the PLP.

Now Sir Lynden no longer lives as modestly as before. Fact is the people's champion of yesteryear has joined the ranks of the wealthy having graduated to millionaire status. He now dwells in a jet set palatial mansion partly financed with hundreds of thousands of dollars from foreign businessmen.

More than 19 years have passed since Sir Lynden and the PLP took over the helm of Government. They have undoubtedly made many gains, but these are all overshadowed by a new and spectral industry; illicit drug trafficking by evil men with seemingly unlimited financial resources, whose vile ways have given rise to unprecedented scandals and corruption in high places.

The Pindling Government itself is caught up in this mushrooming and unhealthy spectacle, which almost makes the old Bay Street Boys Regime, polluted as it was by charges of racketeering, influence peddling, and payoffs, seem tame by comparison.

On January 17, 1967 speaking as the new Premier of the Bahamas Pindling declared "These islands will no longer be a haven for gangsters."

It was a statement of principle meant to set the tone for a new era of integrity coming as it did after the death blow to three centuries of white-dominated rule by the Bay Street Boys.

The gangsters of yesterday are no more. Now we are deluged by gangsters of another kind some of whom deal in deadly drugs and whose access to vast sums of money have proven sufficient to have corrupted a large segment of the nation.

And despite being hammered both from within and without for restoration of decency in government, the PLP under Sir Lynden continues to conduct business and act as though the corruption and filth uncovered by its own Commission of Inquiry is a matter that does not deserve an immediate return to the masses whose national honour has been soiled.

Where, we ask are the political tigers of yesteryear?

/9365
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FNM HOLDS CONVENTION; SPEAKERS FLAY PLP GOVERNMENT

PLP Chairman's Criticism

Nassau THE TRIBUNE in English 11 Jan 86 p 1

[Article by Anthony Forbes]

[Text] PLP Chairman Senator Sean McWeeney declared last night that the official opposition Free National Movement, by its "A New Beginning" convention theme, has finally admitted that the party is dead.

Sen McWeeney also referred to dissidents, former Deputy Prime Minister Arthur Hanna and ex-Ministers Hubert Ingraham and Perry Christie, who were not present at the banquet, as a "small, tiny, infinitesimal sprinkling," a characterization that drew laughter from some members in the audience.

Introducing the Prime Minister to address a banquet at the Polaris Hall of the Holiday Inn Hotel, Paradise Island, commemorating the 19th anniversary of the PLP rise to power, Sen McWeeney said that the struggle that has engaged the governing party for the last 19 years continues.

"There is always a foe about, there is always an enemy with which we must contend, and that being the case, I cannot resist the opportunity of saying just one small brief thing about our favourite friends on the other side of the mountain, the Free National Movement," he said.

"Just one very simple observation that I should like to make because all of us are mindful of the fact that tonight we are gathered to commemorate 19 years of achievement as the government of this country, 19 years in the seat of power," Sen McWeeney said.

"We were reminded only this morning with the publication of the plans for the Free National Movement convention next week, that they have finally admitted that far from even starting on the journey towards 19 years, theirs is only, in their own words, a new beginning," the PLP Chairman said.

"They have finally admitted that they are dead because I believe that we must all recognize the fact that having been around for some years, that if only now they are embarking upon a fresh beginning, I think they must admit that they must have died, that is why they must now begin again," he added.

In his introduction of the Prime Minister, Sen McWeeney said that the 19-year history that the PLP is commemorating, is largely the biography of Sir Lynden Pindling.

"Many have come and gone over the 19-year period that we cast our minds back on tonight, all, so many have come and gone, but the one constant, the one dynamic constant, the one person who has held the equation of PLP success together for these 19 years past, is still going strong," he said.

He said that leaders cannot be factory-created or put together from some kind of a fabulous, public relations campaign, but that leaders have to spring from the bosom of the people.

"And the man whom I am about to introduce can lay claim to that and no other man in this country can lay claim to that," Sen McWeeney said.

"The compassion that he has shown, the exemplary leadership qualities he has exhibited, the sense of vision that he has brought to the tasks of government, set him far above all of us in this country," he said.

Nothing that the Prime Minister has taught the Bahamian people to think big, Sen McWeeney said that he was disturbed this week to read that some individuals thought perhaps he was placing the dreams of the people on too grand a scale.

"But you know, with the very greatest of respect to those who expressed those views, my mind was cast back to the time when the Prime Minister was unveiling the plans for the Cable Beach Hotel complex which today is a visible reality for all of us to see and to admire," he said.

"But I remember then, I remember then vividly the scores of individuals who publicly and privately were heard to say that this was a project of far too mammoth and grand a scale for Bahamians to execute," he said.

"But all you have to do tonight after this grand function is over is to drive down Bay Street, drive out west and see before you the fulfillment of precisely that dream which he enunciated some years ago," the PLP Chairman said.

"And that is but one example of the kind of grand vision which has distinguished him as the Leader of this party and as the Leader of our country."

Warning Over PLP 'Victimization'

Nassau THE TRIBUNE in English 15 Jan 86 pp 1, 4

[Article by Anthony Forbes]

[Text] A RESOLUTION to close down the country if necessary, until victimization is ended by the PLP Government will be proposed this week at the Free National Movement's convention, and forwarded to all trade unions for their support, Action Group Chairman George Wilson announced last night.

Referring to a list of persons he said had been victimized by the PLP Government, Mr Wilson said:

"That is why we shall be asking this convention for the commitment that the Free National Movement is prepared to

oppose victimization with all its power and all its right."

"A people allowing a government to indulge in victimization as a method of government is as guilty as the government," the Convention Chairman said. "We should therefore resolve to close down this country if necessary until any action of this sort is righted."

"It shall also be proposed that this resolution be forwarded to all unions for their support," Mr Wilson told hundreds of delegates and supporters attending the four-day convention in the Polaris Hall of the Holiday Inn Hotel, Paradise Island.

"We would wish it to be unmistakingly clear that if one servant loses his job or is denied rightful advancement in the service because of his or her political belief, we would bring what force and action is necessary to hurl this country and government into the critical glare of international opinion," he added.

Mr Wilson said that when he stood with Action Group member Dereck Simms in front of Queen Victoria's statue and announced their "Coffin March," symbolising the death of justice, decency and fairplay, and demanding the resignations of ex-Cabinet Ministers Kendal Nottage and George Smith, and former Senator Andrew "Dud" Maynard, a great division began in the country.

"Individuals were tormented and showed the division in their souls, churches became split right down the middle, families found brothers and sisters bitterly opposed, unions struggled so violently internally, that their survival came into question and even the mighty PLP, because of the foolish and insolent ways of its leadership, became broken up and split to its very foundations," he said.

"Even this great organization, Mr Leader and Mr Chairman, tottered on the precipice and were it not for your combined and wise leadership, even our great organization may have found itself more gravely challenged by the events of the past 18 months," Mr Wilson said.

He said that during a "wake" held last week in memory of the PLP Government and its leadership, no mention was made of the cancer that caused the death of the PLP as the organization developed a cancer not long after it became the government.

"It soon found what some other governments had long found, that the best way to cover up corruption and inefficiency was with a paint made from a mixture of victimization and fear, but it underestimated the change this mixture could do to itself and the country and they busily set themselves to the task of painting over all of their corruption and inefficiencies with their brand of victimization and fear," the Convention chairman charged.

He then named some of those victimized by the PLP Government as the late ex-Minister of Finance Carlton Francis, Dr Granville Bain, expatriate school teacher Al Schimph, married to a Bahamian, PLPs Brenville Hanna and Kendal "Funky" Demeritte and FNM supporter Judy Mae Lewis.

Mr Wilson told the convention that the FNM was born of a spirit of defiance, its foundations were laid by men who refused to say wrong was right, and its walls erected by men and women who had enchanced the brutal victimization of the Government.

"And its roof was now ready to be pitched by the youth of this nation who are wise enough to know that a ship can't go with its captain drunk at the wheel and the rest of the crew drunk and asleep in the hole," he said. "For most of us - we have been labouring too long, we have sacrificed too much - and we wonder how long?"

He said the captain and mate of the FNM ship are awake and sober and the Bahamian people need safe passage from these treacherous conditions in which the nation finds itself.

"A violent and outlaw government has spawned hundreds of violent outlaws who are terrorizing our women and children and killing our men all over this land," Mr Wilson said.

He said that honest and decent businessmen are not only being shot down in Nassau and Grand Bahama, but also now in the formerly peaceful islands of Eleuthera, Abaco and Andros.

"But what more can we expect - they are on board a ship with a captain who couldn't find them a job but now promises to make them all millionaires," Mr Wilson said. "Bahamians want to know if they take this new direction how this violent tide will be pushed back."

He said that mothers and fathers who have lost and are losing children to cocaine want to know what will be done to further reduce the flow of this deadly drug into our land and they want to know what will be done to the merchants of death who provide this poison as well as corrupt lawyers and government officials who facilitate the trade.

"Working men and women would want to know what will be done to safeguard the quality of their lives and what safeguard will be put into our economy to ensure that the fruits of their life-long labour will not be destroyed by unchecked inflations and unnecessary taxes," he said.

"Teachers and policemen want to know that they will be able to earn a living wage and recognized for the contribution they are making to our society and that they will be provided the tools they need to do a proper job," Mr Wilson said.

He said that the youth wish to know what expansions will be created in the economy to absorb them and their aspirations in terms of employment and trades that can provide for them a satisfying future.

Professionals and businessmen, he said, would want to know that they will be able to practice their specialities without undue harassment from government and can express their opinions on national affairs without fear of losing a contract.

He said that those in the Family Islands would want to know that they would not be left to suffer and the economic advancement is not steered away from their communities because of the political prejudices of people in Nassau.

He said that civil servants and Government workers want to know that they will be able to carry out their assigned functions honestly without fear or favour and that for their labours, they can expect a living wage - and that no politician or politician's friend or family can raise them to the whip of victimization.

"In other words, fellow delegates, what the Bahamas wants to know is that we will not be another PLP," Mr Wilson said. "They want to know that justice, decency and fairplay will be our watchword. They want to know, Mr Chairman, that we truly will be heading in 'A New Direction,'" the Convention Chairman added.

Pledge on Commission Proposals

Nassau THE TRIBUNE in English 16 Jan 86 pp 1, 12

[Article by Anthony Forbes]

[Text] **OPPOSITION Shadow Attorney General Orville Turnquest pledged last night that a Free National Movement Government would put the Commission of Inquiry recommendations "into force," complete and publish an up-to-date revision of the statute laws and restart the process of law reform.**

"We can expect to see such new and relevant legislation before the end of the FNM's first term as Government," the FNM Treasurer told over 1,000 cheering delegates and supporters at the party's convention at the Polaris Hall, Holiday Inn, Paradise Island.

The Montagu MP, also Shadow Minister of Labour, said functions and policies of his two ministries would be "overhauled and launched in a new direction" under an FNM Government to make "a complete turnabout" in practically every area of the nation's administration.

In his remarks, the Montagu MP also condemned the ruling Progressive Liberal Party Government for its "greed and corruption," and charged that the PLP is no longer a genuine political party, but a one-man band with Prime Minister Sir Lynden Pindling alone being the PLP and the PLP being Sir Lynden.

"The cancer of greed and corruption, which is now so prevalent in Pindling's PLP, is beyond cure," Mr Turnquest declared. "Those involved, and those responsible, must all go."

"How can a nation which is so consumed by corruption in Government be expected to continue their support of such a Government?" he asked. "A Government whose Prime Minister was found by the Commission of Inquiry to have been spending eight times the amount of his income and not able to account for much of it?

"A Government whose ex-Minister (of Youth, Sports and Community Affairs), Kendal Nottage, was found to be fronting for a mafia lieutenant, Michael Caruana.

"A government whose ex-Minister (of Agriculture, Fisheries and Local Government), George Smith, was found to have been untruthful in giving evidence, and to have taken a political bribe of $100,000.

"A Government whose ex-party chairman, Dud Maynard,

was the majority shareholder in a charter air service which the Commission found to have acquiesced in illegal drug trafficking?" the Shadow Attorney General asked.

He told his cheering audience that the nation's new direction with the FNM in Government requires a complete turnabout in practically every area of the country's administration.

"In the past three years that I have been given the privilege and responsibility of a Shadow Minister to understudy and monitor the performance in office of both the Minister of Labour and the Attorney General, it has become more and more apparent that the functions and policies of these two ministries certainly require to be overhauled and launched in a new direction," he said.

He noted that the office of the Attorney General is one of three Cabinet posts specifically required by the Constitution and although filled by political appointment, nevertheless requires an independent involvement in government, for the Attorney General is an intimate part of government but, in the discharge of his functions, he must not be an agent of government.

"It is essential that public confidence in the independence of the Attorney General be constantly enhanced because as Minister of Justice he is the protector of the public interest," Mr Turnquest said. "He has complete and independent responsibility for instituting criminal proceedings."

He said that the Attorney General's Office is concerned not only with the fundamental issue of law and order, but also with the broader question of the administration of justice in the Bahamas.

"The present Government is long on talk about law and order, but very short on practical policies, and ideas of how to ensure that justice is done," the Montagu MP declared.

He said that the complete independence of the judiciary is essential to respect for the rule of law and the administration of justice.

"And so we, as an FNM Government, will immediately secure an adequate increase in the number of our judges, magistrates and commissioners, and proper courts, with proper facilities; they will have more suitable conditions of service, and complete freedom from political pressure or interference," he said.

"In this way, qualified Bahamians will be encouraged to assume these high posts," he said.

Noting that no system can achieve justice unless the average citizen has confidence in the courts, and can be reasonably certain of the laws which govern him, especiallly the criminal law, Mr Turnquest said that it has been over 10 years now since the PLP set about a revision of the laws.

"No lawyer or citizen can obtain a set of laws today, because none is available," he said. "How can you administer or advise on the law, if you don't have the means of checking on what the law is?" he asked.

"With this in mind, the FNM Government will waste no time in completing and publishing an up-to-date revision of all our statute laws," the Shadow Attorney General said.

Similarly, he said, the process of law reform - long a stagnant pool of wasted dreams under the PLP Government - will be started again.

"The opinion of members of the general public, the judiciary and the Bar will be sought on such pressing issues as the reform of the Penal Code, the protection of women from sexual harassment on the job site, the creation of a government-sponsored legal assistance for the poor, and other current issues," he said.

"We can expect to see such new and relevant legislation before the end of the FNM's first term as government," he added.

The Turnquest told the convention that the FNM has already gone on record as having unreservedly accepted all the recommendations of the Commission of Inquiry.

"As your Government we shall put them into force," he said at the party's first convention since the Commission reported on December 14, 1984. "We will go even further and consider seriously laws to reverse the burden of proof in cases involving trafficking in drugs, and provide for the confiscation of any property involved in or acquiesced as a result of drug trafficking."

He said the police and other law enforcement agencies will be given the support which they need, and proper salaries and conditions of service, modern and full

complements of supplies and equipment, and training in the most up-to-date methods, will be the FNM's first priority.

"Under the PLP the Bahamas has seen growing disrespect for authority and for the institutions of Government," Mr Turnquest said. "This is largely due to the widespread, almost institutionalised corruption and abuse of authority which exist today."

"The FNM is determined to eradicate corruption in all sectors of the political and public service of the nation. We seek to return public morality into the life of our nation," he said.

"Politicians and public servants must serve the public taxpayers with courtesy and efficiency, with honesty and integrity, and with fairness and equality," the Montagu MP declared.

Party Nominations

Nassau THE TRIBUNE in English 16 Jan 86 p 1

[Text] MR KENDAL Isaacs, QC, remains as leader of the Free National Movement. No one challenged his position when nominations for party officers opened last night on the party's second day in convention. Party chairman Cecil Wallace-Whitfield did not offer for relection as chairman.

Also returned unopposed was party treasurer Orville Turnquest.

Voting will take place tomorrow morning to fill the other posts that are being contested.

Nominated for chairman were Senator Charles Virgil, Mr George L J Wilson, and Dr Mary Ritchie.

Mr L Garth Wright and Mr Oswald Marshall were nominated for the post of secretary-general.

Nominated for chaplain were Mr Yelverton Cox and the Rev Alfred Thompson.

Eight people were nominated for vice chairman. They are Mr Edwin Brown, Mr David Thompson, Mr Rudie Penn, Mr Arlington Butler, Mr Sidney Collie, Mrs Loretta Minnis, Mr Ashley Cargill and Mr Wencil Deveaux.

Nominated for assistant secretary-general were Mr Alvie Penn, Mr Fred Williamson, Mr Dion Foulkes, Mr Dwight Sawyer, Mr James Wood, Mr Charles Hunt, Mrs Beryl Barnett, Mr Philip Stubbs, Mr Derek Simms and Mr Anthony Bootle Rolle.

The following people were nominated for assistant treasurer: Mr Harold de Gregory, Mr Erwin Kemp, Mr Desmond Edwards, Mr Edmund Knowles, Mr Peter Galanos, Mrs Yvonne Isaacs, Mr Lloyd Stubbs, Mr Christopher Stuart, Mrs Yvette Bethel and Mr Glenroy Saunders.

Nominated for assistant chaplain were Mr Paul Moss, Mr Ronald Bevans, Mrs Rosie Grant, Rev Dr W G McPhee, and the Rev Alfred Thompson.

Twenty-one people were nominated as trustees. They are: Mr Kendal Culmer, Mr Cyril Minnis, Mr Lindsay Williamson, Mr Arthur Barnett, Mr Rudolph Grant, Mr Charles Rahming, Mr Charles Rolle, Mr Gus Cartwright, Mr William Fernander, Mr Kenneth Chess Wood, Mr Claudius Burrows, Mr Bursal "Friday" Butler, Mr Steadman Brown, Senator Warren Levarity, Mr E K Minnis, Mr Nesbitt Higgins, Mrs Hilda Antonia, Mr David Bullard, Mr Vincent Strachan, Mr Basil Rolle, and Mr Lionell Murphy.

Human Rights Unit

Nassau THE TRIBUNE in English 16 Jan 86 p 1

[Text]

FNM Convention delegates today unanimously passed an amended Resolution that the party is opposed to victimization in all its forms and is prepared to take whatever steps are necessary to ensure that no Bahamian will have to live under the threat or fear of victimization. The Resolution was moved by George Wilson and seconded by Oswald Marshall.

The Resolution was amended in the form of an addition. It was resolved that the party would form a human rights committee which would call upon the expertise of all members. The amendment was moved by Elma Chase and seconded by Tommy Turnquest.

Election Results

Nassau THE TRIBUNE in English 17 Jan 86 p 1

[Text]

CECIL Wallace Whitfield yesterday became the Free National Movement's first deputy leader.

Mr Whitfield was named deputy leader by acclamation after an amendment was made to the Constitution to create the the post. The motion was moved by George Wilson. It is understood that the creation of the post was agreed to after Mr Whitfield confirmed he would step down as chairman.

Mr Kendal Isaacs, QC, was returned as leader unopposed.

And during election of officers today, Sen Chuck Virgil was voted in as the new chairman of the FNM, beating Action Group chairman George Wilson by a count of 241 to 78. These are unofficial results.

Mr Virgil was nominated by Tennyson Wells with Janet Bostwick (Shirlea) seconding the nomination. Pierre Dupuch (Shirlea) nominated Mr Wilson, seconded by Kenneth Woods.

Garth Wright was returned as secretary-general. He won over Oswald Marshall, an Action Group member, on a vote of 271-48. Mr Wright was nominated by Arthur Foulkes (Blue Hills) and Mr Marshal was nominated by Derek Simms of the Action Group.

These results indicate that the "A Team," which represents the conservative faction of the FNM, triumphed over the more liberal Action Group supporters.

Also unofficially, the following were elected to the post of vice chairmen: Edwin Brown, Sydney Collie, Rudy Penn, David Thompson and Loretta Minnis.

Assistant secretary generals are Alvy Penn, Dion Foulkes, Fred Williamson, Dwight Sawyer and Philip Stubbs.

Orville Turnquest was returned unopposed as treasuere.

Assistant treasurers are Chris Stuart, Desmond Edwards, Edward Knowles, Ervin Kemp and Lloyd Stubbs.

Chaplain is Yelverton Cox with assistants Paul Moss, Ronald Bevan, Rosie Grant and Alfred Thompson.

Elected as trustees were Kendal Culmer, Arthur Barnett, E K Minnis, Hilda Antonio and Williamae Fernander.

Union Chief's Warning

Nassau THE TRIBUNE in English 17 Jan 86 p 4

[Article by Anthony Forbes]

[Text] BATELCO and ZNS Union President Keith Archer, the first union leader to address an FNM convention, warned Government Wednesday that to dock teachers' pay and not touch the salaries of Customs officers, both of whom withdrew their services last year, is "unacceptably unfair" and will continue to fuel discord and disharmony.

The first trade union leader to address an FNM convention, Mr Archer also became the first to publicly throw his union's support behind the BUT, over 100 of whose members at six schools are having their pay cut this month by Government for staging sit-ins during March, October and November last year.

Mr Archer referred to industrial action by the BCPOU in 1982 during a contract dispute with Batelco, which led to the arrest and criminal proceedings being levelled against union members, including himself, for trespassing on Batelco's compound.

He also pointed to the Air Traffic Controllers's work-to-rule last year for better pay and working conditions, when they were accused by certain Government ministers of "robbing the public" when they did not work.

"More recently, we have had a decision by the Government to cut the salaries of teachers who found it necessary to stage a number of sit-in demonstrations at their schools last year because of intolerable working conditions which the Government allowed to develop and exist in our public schools," Mr Archer said.

"Finally convinced that it was speaking and appealing to the deaf and indifferent, the teachers took the only course available to them," he said. "The Government, however, in its typically vindictive fashion has decided to selectively deduct teachers' pay."

"They didn't do so with Customs Officers where similar intolerable working conditions existed. Is it that the Government is simply fearful of Customs Officers whose industrial action could impact upon its expected revenue?" he asked.

"Surely, this discriminatory and selective approach to industrial relations is unacceptably unfair and will continue to fuel discord and disharmony," Mr Archer said.

In his lengthy address, Mr Archer also charged that Government's decision to remove price controls on cement and cement blocks is "inconsistent" with its declared policy to encourage and assist low-income Bahamians to acquire their own homes.

The union leader told the over 1,000 FNM delegates and supporters at the Polaris Hall, Holiday Inn, that Bahamians are the least protected of any workers in the English-speaking countries of this hemisphere and every maid, cashier, hotel, bank and office worker can be fired without cause by their employer.

The BCPOU president, whom Convention Chairman George Wilson brought back to the podium for a second round of applause following his address, also listed 10 demands to alleviate the present conditions facing workers in the Bahamas. They are as follows:

(1) An end to political victimization, intimidation and day-to-day interference in the management and operations of Public Utility Corporations;

(2) An end to political discrimination in employment, promotion and advancement in Public Utility Corporations;

(3) An end to political favouritism and discrimination in the allocation of telephone services to individual consumers particularly here in New Providence;

(4) A reduction in the unjustifiably high and unaffordable electrical rates paid by consumers to BEC and electrical billings ought to be truly reflective of operational costs, expenses and a reasonable profit;

(5) That essential services of electricity, water and telecommunications services be provided to all communities, businesses and homes throughout our Commonwealth;

(6) That interest be paid by public corporations (like Bahamas Telecommunications, Bahamas Electricity and Water and Sewerage) on consumers' security deposits;

(7) The profits which BEC's new fuel-efficient plant and Batelco's new digital equipment ought to have provided to consumers in terms of reduced electrical and telephone charges;

(8) Realistic ceilings be set on the profits which public utilities like BEC and Batelco may make and if profits exceed the ceilings, rebates be passed on to the consumers;

(9) An opportunity for workers, through their unions or otherwise, to acquire a direct financial interest in these public corporations and receive adequate representation at all levels;

(10) That impartial public boards be established to set rates for public utilities and that no rates be set until public hearings on the proposed rates have been held;

(11) That there be no additional increases in workers' contributions to the National

Insurance Fund and that full National Insurance pensions should begin at age 60 (the government's mandatory retirement age) and not at age 65 as is presently the case;

(12) That private pension funds remain private."

"In the interest of alleviating the increasingly unbearable economic burden on the worker, we also call on the Government to rescind its recent ill-advised decision to remove price controls on cement and cement blocks," the BCPOU leader urged.

He said this decision by Government will result in substantial increases in the cost of new homes and frustrate the aspirations of many of the ambitious but financially disadvantaged brothers and sisters who wish to improve their standard of living.

"The Government's action is inconsistent with its declared policy to encourage and assist low-income Bahamians to acquire their own homes," Mr Archer told the convention.

Mr Archer charged that Government appears to have abandoned common sense in its recent pronouncements and now demonstrates continuously that it regards workers as fools who would somehow believe that through some miraculous event all workers can and would become millionaires.

He said that unemployment has become a way of life for thousands of Bahamians, violent crimes have become the order of the day and drug trafficking and drug abuse continue while Government's moral authority to govern is becoming even more questionable.

"It is an incontestable fact that Bahamian workers are the least protected of any workers in the English-speaking countries of this hemisphere," he said. "In the Bahamas today, every maid, every cashier, every hotel worker, every bank worker and every office worker can be fired at any time and without cause by their employer."

"Should any worker be fired, there is no appeal to the law because there is no law to protect them from wrongful and unfair dismissal. Such a disgraceful situation should not prevail in any civilized country, and particularly one that brags to the world that it is better than anywhere else," Mr Archer said.

Isaacs Address

Nassau THE TRIBUNE in English 18 Jan 86 p 1

[Article by Anthony Forbes]

[Text] **OFFICIAL Opposition Leader Kendal Isaacs unveiled before over 2,000 delegates and supporters at the closing night of the party's convention a 10-point plan that a Free National Movement Government will adopt for the orderly development of the Bahamas.**

Disclosure of the plan came as Mr Isaacs, MP for Delaporte, delivered a 19-page national address climaxing the four-day convention held under the theme, "A New Direction," at the Polaris Hall of the Holiday Inn Hotel, Paradise Island.

The areas included in the plan are: the proper use and disposition of land; the intelligent use of natural resources, infrastructural expansion throughout the Bahamas with particular emphasis on the family islands, protection of the ecology and the preservation of the islands' natural beauty.

In addition, the plan will include the urban development with special emphasis on rebuilding the older sections of Nassau Over-The-Hill; further tourist developments and expansion with particular emphasis on the Family Islands, agricultural development and experiments in Andros, Eleuthera, Long Island and the eastern islands.

Further, said Mr Isaacs, the FNM will undertake a massive road-building programme together with an on-going system of repair and upkeep; installation of running water, electricity and telephone services, especially to the far-flung Family Islands, and an immediate and intensive system of building docks and harbours and upgrading airport facilities in every major island.

"In connection with number five, let me say that the PLP Government has again talked much and done very little," Mr Isaacs said. "The Prime Minister says that $5 million is being committed to the Grants Town Renewal programme. Now that is a drop in the bucket and, furthermore, only about half that amount will be spent this year, if that."

"We pledge that we will not squander the country's money experimenting with grandiose private sector enterprises. The monies which are presently being spent in those areas will be diverted into our develop-

ment plans so that our people throughout the country may enjoy a better standard of living," he said.

"Every Bahamian should have a roof over their head, with a good water supply, electricity, telephone service, decent roads, docks, airports, good health care and a well-balanced diet, among other things," he said. "The FNM will initiate a bold approach as it charts the way towards the new direction for our country."

Mr Isaacs told the convention that it is no secret that too many Bahamians are unemployed and have been so for too long, and that by Government's own reckoning, there are 21,000 people who are without jobs.

He said that for a small country like the Bahamas, the FNM considers that figure too high and finds it totally unacceptable.

"From our own observation and information available to us, we have reason to believe that the unemployment figure is even higher," he said.

He said that none other than the Prime Minister himself promised the Bahamian people as far back as the late 1970's that there would be full employment by 1980.

"We don't know what he meant when he used the phrase 'full employment.' What we do know is that 1980 was six years ago and instead of the employment situation getting better, it has gotten progressively worse," the Opposition Leader said.

"Too many of our youth who deserve to be working at honest jobs are instead being recruited by the drug pushers and are themselves becoming victims of drug abuse," Mr Isaacs said.

"The solutions to our massive unemployment problems are to create an economic climate in our nation for commerce and industry to prosper and to provide incentives for Bahamians to have their own businesses and to encourage investment by reputable foreign persons and companies," he said.

He said that if these conditions exist in a climate of social and political stability and mutual trust and respect between the Government and the private sector, the problem of unemployment will be solved or lessened to a substantial degree.

"The PLP has for the last couple of years been operating like a 'Government in crisis,' which in fact it is," Mr Isaacs said. "The FNM is convinced that no serious long-term plan for development exists on the Government's agenda."

"The PLP Government has not been bold enough to take the bull by the horns and lead the entire country forward to genuine progress by long-term planning and timely execution of those plans. There has been a dismal lack of co-ordinated development planning in the use of our land, natural resources and infrastructural expansion," he said.

"Furthermore, there has been an abysmal lack of planning in the repair and upkeep of Government properties, buildings and various other facilities throughout our archipelago," he said.

"Millions of dollars have been wasted on the acquisition and construction of expensive facilities which were then foolishly left to waste and deteriorate," the Opposition Leader said.

He said that the employment situation, together with other economic indicators such as the strength of the dollar, investment climate, interest rates, the money supply, venture capital, the building industry and any others together will determine the state of the economy overall.

10-Point Program

Nassau THE TRIBUNE in English 18 Jan 86 p 1

[Article by Anthony Forbes]

[Text] OFFICIAL Opposition Leader Kendal Isaacs assured the nation last night that the FNM has the ingredients necessary to turn the country away from the maladministration of the Government of Prime Minister Sir Lynden Pindling towards the new direction envisaged by the official opposition party.

Mr Isaacs also declared last night that the FNM is alarmed at the appearance of a large number of firearms in the country and amazed that the PLP Government has not taken "firm and resolute steps" to deal with the situation, which he viewed as a threat to internal stability.

Mr Isaacs, MP for Delaporte and a former Attorney General, promised that corruption will not be tolerated in the ranks of the Free National Movement when it becomes the Government and that the party's "new direction" will not accommodate men and women who allow themselves to be bribed or corrupted.

Addressing a crowd estimated at over 2,000 at the largest FNM convention ever, Mr Isaacs urged his audience to observe a minute's silence in honour of the late American Civil Rights Leader Rev Dr Martin Luther King Jr, and the late former PLP senator and Deputy Speaker of the House of Assembly, Sherlin Bootle.

The FNM and Official Opposition Leader was given a tumultuous, standing ovation by the delegates and supporters who overflowed the Polaris Hall of the Holiday Day Inn and was escorted to the podium by scores of party officers and leaders, including Deputy Leader Cecil Wallace-Whitfield and Treasurer Orville Turnquest.

Mr Isaacs, in turn, thanked supporters and delegates for the welcome, which he said, had a "humbling effect" on him. He also paid tribute to scores of other party workers who had assisted in organizing the convention, believed to be the last before a general election is called by September, 1987.

After the rousing welcome, accompanied by a high crescendo of music from a band under the direction of FNM member Desmond Edwards, the crowd, to the junkanoo beat, erupted into chants and whistles of "LO got to go. L O got to go," as they continued to surge towards the podium, where they were stopped by First Vice Chairman Edwin "Vicki" Brown, to allow Mr Isaacs to begin his 19-page address.

"I am satisfied and I can assure this nation that the Free National Movement has the ingredients necessary to turn this country away from the maladministration of the Pindling Government towards the new direction envisaged by the FNM," Mr Isaacs told delegates and supporters.

"I also want to assure every Bahamian wherever you are tonight that the Free National Movement believes in the Bahamian people," Mr Isaacs said in his national address closing the four-day convention. "We know that in the great majority we are a freedom-loving, God-fearing and Christian people. The Free National Movement is on your side and will never let you down."

He said that today some criminals are not content with victimizing and terrorizing ordinary citizens but from the look of recent events, some have declared open war on our police force and now our citizens everywhere live in fear.

"The FNM contends that crime will never abate as long as drugs and expensive drug habits persist, unemployment, especially among our young people, is also a factor since as the old maxim goes, 'the devil will find work for idle hands'," Mr Isaacs said.

"The appearance of large numbers of firearms in our nation alarms us and we are amazed that the PLP Government have not taken firm and resolute steps to deal with this situation," Mr Isaacs said. "The FNM views the situation of escalating firearms among us as a threat to our internal stability."

He said that in the new direction, the FNM is committed to providing the police force with adequate equipment, materials, facilities and training and to increasing police pay as officers are exposed to great risks with their lives on the front line.

He noted that FNM Treasurer Orville Turnquest, MP for Montagu, dealt at some length with the findings of the Commission of Inquiry Wednesday night in his address to the convention, and detailed the damaging verdict of that tribunal upon the reputations of leading men in the PLP.

"Men like Prime Minister Sir Lynden Pindling, former Cabinet Ministers George Smith and Kendal Nottage and others were severely condemned," the Opposition Leader told the crowd, who jammed doorways and sat in chairs along the side of the room.

"You must agree that at the end of the day, no self-respecting nation wants to be governed by men who have been found to be guilty of such gross wrong-doings," Mr Isaacs said.

It said that it is a matter of public record now that during the last five years, the Bahama islands have been used by the drug traffickers as a transshipment point for the opera-

tion of their nefarious trade between South America and the United States.

"This situation flourished and thousands of Bahamians from all walks of life were caught up in the madness because the PLP Government failed to act in time to arrest it," he said. "They were certainly fully aware of the full extent of the problem and the possible damage which it could wreak upon a small, unsuspecting nation.

"There can be no doubt that by 1978, the Prime Minister himself was well aware of the widespread nature of drug smuggling which was taking place and the fact that the smugglers were receiving assistance from Bahamians.

"That was the time for resolute action, but why did the PLP Government not move at an early stage to tackle the drug trade?" asked Mr Isaacs. "To date the Government has been unable to provide the Bahamian people with any satisfactory explanation."

He asked whether it could have been that "the PLP Government could not move to prevent the spread of the drug trade for the simple reason that too many PLPs were themselves involved in it?"

"Like a mighty octopus, the drug trade spread its tentacles throughout the country from Inagua in the south to Grand Bahama in the north, sapping the life blood of our nation's young people and buckling the very foundations of our honoured institutions," the Opposition Leader said.

He said that when the FNM becomes the Government, it will work hard to prevent the further destruction of any more young Bahamian lives; reform and rehabilitate those whose lives have been nearly destroyed by many forms of drug abuse, and to cooperate fully will all countries in the region concerned with this problem, including the United States, to reduce and ultimately eradicate the drug trade from the country.

"The new direction will commit the necessary resources to the war on drugs. No stone will be left unturned in this regard," he said. "Apart from, our efforts to co-operate with other countries in the region, we will enact legislation to strengthen and put more teeth in the laws against drug trafficking."

Noting that the PLP report card shows miserable failure on the question of drugs, the FNM Leader reminded his audience that the opposition had accused the PLP of corruption long before the Royal Commission of Inquiry officially exposed shocking incidents of corruption in its governing ranks.

"We believe that a reasonable inference can easily be drawn that systematized corruption and peddling of political influence continue unabated and the Pindling administration does not have the credibility nor the political will to deal with it," he said.

He said the FNM has gone beyond the stage of accusing the PLP of systematized corruption and that the facts have clearly borne out that "corruption is still rocking the PLP to its very foundation."

"The rip-off attitude has become more and more evident at virtually all levels in the PLP as many push in a shameless, greedy and selfish manner, to achieve riches at all costs and overnight," he said. "The FNM does not and will never encourage Bahamians to become millionaires in this fashion."

"We know from experience of others that such a course will seriously dislocate our traditional base and create a false perception of our values. No country can practise this form of nation building and remain intact for very long," Mr Isaacs said.

"The FNM abhors greed and corruption and will never tolerate them in its ranks," he said. "The new direction will not accommodate men and women who allow themselves to be bribed or corrupted."

"We are committed to the operation of a government of men and women of such values as honesty, decency and fairplay, inspired by love and service to God and all our fellowmen," he said.

"We will face the challenge to provide a better and more fulfilling life for all Bahamians," he said. "Nothing or no one shall be allowed to get in the way of these our solemn commitments."

"The FNM will enforce the laws against bribery and corruption. It is my promise to you, the Bahamian people, and it is necessary to repeat it again, that corruption will not be tolerated in our ranks," the Opposition Leader declared.

"We cannot afford to jeopardise the confidence of investors whom we will attract to the Bahamas, and furthermore we must set good examples for the nation, especially our young people; to show them that there is no glamour in being crooked but that there is dignity and personal satisfaction in honest work for honest pay," Mr Isaacs said.

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CSO: 3298/291

LETTER WRITER URGES TALKS WITH CUBA OVER FISHING RIGHTS

Nassau THE TRIBUNE in English 13 Jan 86 pp 5, 6

[Letter to the Editor]

[Text] EDITOR, The Tribune.

Cubans are historically a violent people; their national anthem glorifies dying for the fatherland.

When Cuban Migs are ordered to investigate a call, the pilots firmly believe that they are defending Cuba's honour. And to them, the arrest of a Cuban fishing boat by the Bahamas Defence Force is an affront to Cuban honour. It follows therefore — to the Cuban mind — such a situation demands only one response: Violence!

When are we going to enter into a fisheries agreement with our neighbours?

Trinidad has worked out a deal with its Latin neighbours. Why then can't we do the same, with ours?

After the Flamingo was sunk in 1980, Cuba agreed to pay a lump sum for the boat, as well as a set price for each Bahamian killed. But that in itself was an insult. Since when has our Government been in the business of putting a price on human life?

In theory, Cuba can destroy our entire Defence Force, and kill off all our marines; then hand us a cheque. The principle has already been established.

But sadly, the only pawns — in this high-stakes game of international poker — are the mothers, fathers, sisters and brothers of members of the Royal Bahamas Defence Force.

While we Bahamians — with our British Colonial background — would be disposed to settle disputes according to the rule of law; Cubans and Dominicans are more likely to resort to the gun. And in such an event we can expect little help from the United Nations or the Organization of American States.

Cuba is a Latin nation; and the larger OAS members were not all all overjoyed at having their 'club' crashed by small English-speaking states, like the Bahamas. Furthermore, while we keep our distance from Third World groupings, Cuba President Fidel Castro does his best to project Cuba as an "Afro" Latin nation.

In an international crunch, some of the very heads of (black) governments, we recently entertained so lavishly at CHOGM would side with Cuba.

It matters little how much surplus equipment United States Vice President George Bush throws at us ... if we get into a shooting war with Cuba, or the Dominican Republic, we will lose, badly!

My plea therefore, is for our Government to invite the Cubans, the Dominicans, and the Haitians to talk over the question of fishing rights. And we should do it now!

Preventing a few grouper from reaching Cuban dinner tables, just isn't worth the risk of exposing the cream of Bahamian youth, to certain death.

HENRY J BOWEN
Freeport, Grand Bahama.
January 10, 1986

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PROBLEMS SURFACE INVOLVING RETURN OF STRANDED HAITIANS

Consul's Criticism

Nassau THE TRIBUNE in English 2 Jan 86 p 1

[Article by Marcia Bethell]

[Text] **HAITIAN Consul Max Charles said today the Bahamas government has been "uncooperative" with Haiti's attempts to repatriate 61 stranded Haitians who arrived at Ocean Cay off Bimini on Christmas night. Mr Charles said the Bahamas government has refused to let the Haitians land their nationals overnight in Freeport, so that they can be processed and flown back to Haiti.**

Mr Charles said his government had given permission for the Haitians to be repatriated. Arrangements were made with an airline charter company in Freeport to fly the Haitians from Ocean Cay. Mr Charles told The Tribune that the Haitians were to be flown out on Tuesday.

However the Haitians are still at Ocean Cay today. Mr Charles explained the reason for this. He said the charter airline's largest aircraft - a DC-3 - is too large to land on the 1,400 ft airstrip at Ocean Cay. The smaller aircraft are not large enough to transport all the Haitians at once or fly them directly to Haiti.

Mr Charles said that the charter company had agreed to shuttle the Haitians to Freeport. The Bahamas government was asked to allow the Haitians to land in Freeport overnight, be processed and then fly, in a larger aircraft, to Haiti the following day. However this request was refused, according to Mr Charles.

"I don't know why the Bahamas government is not cooperating. My government has given the go-ahead for the Haitians to be repatriated. But because the Bahamas government has refused this permission I am unable to do anything. Their refusal shows that they don't trust me," Mr Charles said.

Although there is a customs/immigration officer at Ocean Cay, Mr Charles said he is yet to receive an official list of names of the Haitians. He said that in order for the Haitians to be sent back to Haiti they must be processed. He said his only contact with the Bahamas government has been through the Ministry of External Affairs. He indicated that most of his information has to be obtained through the media.

"I don't know why they are not cooperating. They did before, but they have stopped and I don't know why. I am only here as a representative of my government. I am not the

government and there is only so much that I can do," Mr Charles said.

Minister of National Security Loftus Roker was quoted as having said that his instructions are for the Haitians to remain at Ocean Cay until they leave the Bahamas. The Tribune was unable to contact the Minister or his Permanent Secretary, Mr H C Walkine today.

James Taylor, chief foreman at Ocean Cay, said Immigration Director Barbara Pierre had instructed him to "put those people outside" because the company was not responsible for them. The Haitians have been accommodated in Marcona Ocean Industries' recreation room, provided for staff working in the aragonite mining industry at the cay. However Mr Taylor said the company could not do this because the weather was getting cold and they feared the Haitians would start breaking into the compound.

In the meantime the 51 Haitians, shipwrecked on the cay for the past week, continue to be a burden to employees of Marcona Ocean Industries. A spokesman for the company in Nassau reported that food and water at the island is becoming "dangerously low."

He said that the company office in Deerfield Beach has sent a tugboat from Port Everglades, Florida with food supplies. But he said they are unable to replenish the fresh water supply. An aircraft, chartered by a group of Baptist Ministers with food and water for the Haitians, was supposed to fly to the island on Tuesday, but the flight was cancelled. Rev Earl Francis said the ministers were arranging to have the supplies sent today.

It is understood that the company's urgent request for additional security to be sent to the island to protect the Bahamian employees has gone unheeded.

A company official in Deerfield Beach reported on Tuesday that the 51 Haitians - 41 men and 10 women - were becoming restless and it was feared that they would get out of control. There is only one police officer on the island.

It was reported by the Associated Press today that the Haitians have been dining on fresh steak, lobster and vegetables, and showering - up to three times a day - in an airconditioned compound owned by the mining company.

According to the report the Bahamian miners, who live and work in 20-day shifts on the island, said they didn't mind sharing their lavish quarters with the Haitians - at first.

However the miners, who mine the aragonite from the sea bottom, think their shipwrecked travellers have overstayed their welcome. The Haitians were heading to South Florida on a rickety 21 ft boat when they were shipwrecked at Ocean Cay, 70 miles southeast of Miami.

On Tuesday an official with the mining company said that they were not happy with the Bahamian government's decision to leave the removal of the Haitians from Ocean Cay entirely to the Haitian government.

Pindling Comments

FL1142043 Nassau Domestic Service in English 1300 GMT 14 Jan 86

[Text] Prime Minister Pindling said last night that his government has not been able to successfully clarify a real willingness on the part of the Haitian Government to accept responsibility for its citizens and to receive those citizens back into Haiti.

Sir Lynden, appearing on a special radio and television talk show, said the Bahamas Government has detected an extreme reluctance on the part of the Haitian Government to do both those things. The prime minister says he does not want to further complicate the already delicate situation that now exists but he did comment on those Haitians that were stranded at Ocean Cay. [passage indistinct]

Those Haitians that were stranded at Ocean Cay are now back in Haiti. They were taken home by plane yesterday. The 51 Haitians had been there since Christmas night when they lost their boat and had to swim to safety. The Haitians were reportedly on their way to the United States.

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BRITISH DEFENSE OFFICIAL REVIEWS LOCAL FORCE CAPABILITIES

Focus on Drugs Problem

Nassau THE TRIBUNE in English 7 Jan 86 p 1

[Article by Marcia Bethell]

[Text] **DEFENCE Force Commodore Leon Smith told Britain's Minister of State for Defence Support that the Defence Force was finding it difficiut to deal with drug traffickers because they are "a little smarter, have more money to spend and better communications."**

Lord Trefgarne arrived in Nassau from Washington shortly before noon today. He was driven from the airport to the Defence Force base at Coral Harbour, accompanied by British High Commissioner Peter Heap and other British personnel. Lord Trefgarne was introduced to Commodore Leon Smith and Defence Force Commanding Officers before he was given a brief tour of the base's facilities.

In a short question and answer session Lord Trefgarne said that considering the "limited resources" available to the Defence Force he felt they were doing a "good" job in trying to combat the difficult problem of drug trafficking and illegal immigration to the Bahamas.

He said his impressions of the base, after only a few minutes were "jolly good," and that from the number of boats confiscated he would say that the Defence Force has had a "good deal of success."

Lord Trefgarne revealed that the Defence Force has recently purchased three additional vessels from a British shipyard. He said this will "certainly contribute to their success."

During his tour Lord Trefgarne asked Commodore Smith whether the drug problem in the Bahamas had diminished any. Commodore Smith replied that it was "going up and down."

Commodore Smith said that "when we try something, they come up with something better. They are a little smarter, they have more money to spend and they have better communications." He did not expand on this observation.

Lord Trefgarne said his visit to the Bahamas was to see how the Bahamas Defence Force and the US Coast Guard operate "to see what they have to say and to lend any support and assistance we can."

This afternoon Lord Trefgarne was taken by helicopter to the AUTEC base in Andros to inspect the facilities. He is expected to return to Nassau later in the afternoon.

Lord Trefgarne will leave for Jamaica tomorrow and then on to Belize later in the week. He said he hopes to be back in London by about this time next week.

New Patrol Boats

Nassau THE TRIBUNE in English 8 Jan 86 p 1

[Excerpt] Three new 108-foot patrol craft have been ordered for the Defence Force from the UK firm Ferry Marine, British Minister of State for Defence Lord Trefgarne said yesterday.

It is understood the boats will cost over $13 million.

The largest boat the Defence Force presently has is the 103-foot Marlin. Her sister ship, Flamingo, was sunk by Cuban MiG fighters in 1980.

Lord Trefgarne toured the Defence Force base at Coral Harbour yesterday morning and then flew to Andros to inspect the Atlantic Underwater Testing and Evaluation Centre (AUTEC), which is used primarily by the United States, but also by Britain and Canada.

He described the Coral Harbour Defence Force base as an "amazingly good facility" and he was impressed with the use to which the Force has put some of the confiscated vessels.

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BARBADOS

PARTIES, LEADERS SPELL OUT POLICIES IN ELECTION PREVIEW

Barrow Positions

Bridgetown DAILY NATION in English 24 Dec 85 p 1

[Article by Reudon Eversley]

[Text] **A FUTURE DEMOCRATIC LABOUR PARTY (DLP) GOVERNMENT will seek to divest some state enterprises in an economic policy encouraging self-reliance and greater private sector investment, according to Opposition Leader, Errol Barrow.**

Citing state-owned projects in tourism like the Hilton Hotel and the Heywoods Holiday Resort, Mr. Barrow said it was time Government sold these hotels, preferably to locals, as state involvement had outlived its usefulness.

He said when the former DLP administration (1961-1976) invested in the Hilton, for example, tourism was a fledgling industry in Barbados and the move was taken to encourage more private sector investment.

"We prime the pump by starting where private sector is reluctant to move in," he told the Caribbean News Agency (CANA) in a wide ranging interview.

"The time has come for us to part company with all of those projects and Government sit down and get the benefit of taxation from them...."

Mr. Barrow cited the television service of the state-owned Caribbean Broadcasting Corporation (CBC), which also operates two radio stations, as another state enterprise which should be divested. He also advocated the selling of the state's majority shareholding in the Arawak Cement Plant, a joint venture with Trinidad and Tobago.

Mr. Barrow was outlining the programme the DLP would pursue in Government should it win the next general election due next year.

Mr. Barrow said a DLP Government would put the brakes on foreign borrowing and look to domestic sources wherever possible to obtain financing for major projects like road construction.

Criticising the present Government's policy on borrowing, he said the approach the DLP had in mind would strengthen the national economy by allowing benefits to remain inside Barbados.

"Any borrowing that we have to do, we will do locally so that the interest payments and so on will redound to the benefit of the people who lend the money in Barbados and the revenue will also benefit from the tax which we will get from the people who lend the money," he said.

"Highly industrialised countries like the United States try to avoid borrowing money from outside because it causes leakages in the economy and reduces the level of employment within your own society."

Mr. Barrow said the basic infrastructure Barbados needed was "well established" and it could be injurious to the country's economic health for Government to continue heavy capital investments.

He said a priority would be to help closed manufacturing enterprises reopen for business, by reducing rents on Government-owned factory sheds "even if Government has to subsidise rents", and lowering water and electricity rates.

He said the high cost of these three services was the fundamental reason behind the many closures, and job losses.

Mr. Barrow said getting manufacturing going again would help ease high unemployment, running at almost 20 percent.

He unveiled a new approach for bringing some measure of viability to the loss-making sugar industry, and promised incentives to bolster non-sugar agriculture.

Mr. Barrow said there was a need for a re-education about the declining role of sugar in the economy, and seminars and other educational programmes should be organised for all industry employees.

He said the local industry could learn a lesson from the Fijis', and proposed that managers be sent there to observe how the industry is organised and managed on a cooperative basis.

"It is only in this way that the sugar industry can survive," Mr. Barrow said. "I am strongly go-

ing to support any Government subsidy that will be responsible for an educational programme of that kind.

"We will even pay the passages of the plantation managers to go out to Fiji so that they can open their eyes and see that the sugar industry does not have to be run on the same antiquated and uneconomic basis that it is being operated on in Barbados at this moment."

With regards to non-sugar agriculture, Mr. Barrow promised to support food crop farmers by ensuring that local crops are protected on the domestic market, and by giving consideration to a subsidy to the Barbados Agricultural Society (BAS).

Mr. Barrow indicated a DLP Government would pursue an independent foreign policy, with Latin America and the Caribbean being the focus.

He said diplomatic relations, established by the present Government with a number of communist eastern European countries, would be reviewed.

"We are not committed to maintaining any or all of these," he said.

Mr. Barrow said a DLP Government would also review relations with China. The previous DLP administration had recognised Taiwan but the incumbent Government shifted to Peking.

"We will have to examine it. I personally favour a two-China approach as part of our foreign policy, but our real problem there is that neither side will accept the de facto situation that they are two separate countries," he said.

Mr. Barrow, stressing that the Caribbean should be a zone of peace, indicated that a DLP Government would have a lukewarm attitude to the regional security system. He said his party would be more interested in having a joint coast guard system with regional countries as well as a unified customs service.

"We have to distinguish between security against external aggression and voluntary lining up with power groups which I see the regional security system as being, as justification for dependency on the United States of America, and from their side of the coin, an excuse for them to make interventions in the Caribbean when certain policies of governments do not coincide with what they consider their best interests," he said.

St John Press Conference

Bridgetown BARBADOS ADVOCATE in English 31 Dec 85 p 1

[Text] **Government has set up a special unit to monitor the performance of its public sector enterprises such as statutory corporations.**

This was disclosed yesterday by Prime Minister Mr. Bernard St. John during what was his first televised press conference since he assumed office following the death of Prime Minister Tom Adams last March.

Responding to a question about whether Government had any intention of disposing any of its public sector companies, Mr. St. John said: "We obviously will continuously keep the public sector economic projects and enterprises under review."

Promise

He pointed out that during the presentation of his first Budget he had said that a special body would be set to oversee the efficiency of these enterprises.

"This unit is now in operation and has been assigned a permanent secretary of great repute, standing and experience. Dr. George Reid is now Permanent Secretary in charge of that area and they are continuously doing a review of their (public sector enterprises) potential and performance," Mr. St. John said.

He said the unit had on its staff a number of management science graduates from the Cave Hill, campus of the UWI, a result of efforts by the Barbados Government to influence university policy in this area of study.

"We will look at all of these enterprises and if good offers come we will evaluate them," Mr. St. John stated.

Regarding the Transport Board, Mr. St. John said that transport worldwide had similar problems because it was necessary to provide a service which was not necessarily economic to operate.

On minibuses, Mr. St. John pointed out that the previous Democratic Labour Party administration had similar problems with the operators and despite promising to deal with them "with a heavy hand" had been unable to make much of a dent on the inroads minibuses had made on Transport Board operations.

He added that he could give no assurance that Government would not use "draconian measures," against the minibus operators if they continued to break laws, such as not sticking to their assigned routes.

Mr. St. John said that Government was taking steps to improve the efficiency of the Transport Board and it it was necessary to contract out some of the services provided by the Board's workshop, it would do so.

The Prime Minister said that the just completed terms and conditions of

Transport Board workers negotiated with the Barbados Workers' Union "provided for a pattern of work which in my opinion is not in today's world the most desirable if one wants to keep a service on the road."

Consideration

Mr. St. John said the Government was prepared to consider selling some State enterprises.

But he ruled out the possibility of his Administration giving the private sector control of the lone airport and the country's main seaport.

Opposition Leader Errol Barrow, a former Prime Minister and Finance Minister, this month suggested the Government divest some of its interests, including the Hilton Hotel, the multi-million dollar west coast Heywoods Resort and the television service of the Caribbean Broadcasting Corporation (CBC), which also runs a radio service.

BLP Statement

Bridgetown WEEKEND NATION in English 3-4 Jan 86 p 19

[Unsigned statement of Barbados Labor Party]

[Text] THE BARBADOS LABOUR PARTY is by far the oldest and the most mature of all the political parties in Barbados. It approaches its forty-seventh anniversary having known long years both in office and in opposition.

Nineteen eighty-six is General Election year in Barbados and as the party gears itself for this event there is an air of quiet confidence in its ranks. This confidence is based on a number of premises, mostly its outstanding record in Government since 1976 and its bold and sensible vision for the future of Barbados.

In addition, it firmly believes that there is great voter appeal in the fact that it has an incomparably more youthful dynamic and relevant leadership. Its candidates reflect a range of backgrounds and a richness of experiences which make it a better and more attractive team.

Finally, the proven efficiency and effectiveness of its organisational machinery is also another factor that will make for victory in the months ahead.

1. Leadership

The leadership of the BLP has recently been described as "exhausted politically". This view is widely shared in Barbados where Mr. Barrow, though respected for his service to the country, is seen as tired and unequal to the heavy challenge of leading Barbados in 1986 and beyond.

Mr. St. John, now at the height of his powers, is incomparably more youthful and more dynamic. He has already established himself as a competent manager and is viewed as an honest and straightforward leader, is deeply committed to advancing his country and the CARICOM community of which he is a champion.

2. The BLP record

The economic and social progress of Barbados since 1976 is one of the proud stories of our recent history. The last ten years has been a period of sustained crisis — a three-fold increase of oil prices, contraction of international trade and the virtual collapse of CARICOM to mention but a few.

Because of the skilful management provided by the BLP under Tom Adams and continued under Bernard St. John, the standard of living of all Barbadians has improved dramatically. We have constructed new schools.

We have attended generously to the needs of the elderly. We have introduced the beginnings of a free health service. We have provided unemployment benefits. We have paid our way in the world. We have modernised our roads and highway systems and we are in the process of restructuring our economy.

3. Clear and sensible vision

Part of the appeal of the Barbados Labour Party is the strength of its ideas. It is pointless to vote a party into office which does not know what to do with power. **The BLP has a clear view of where it wants to take Barbados.** Its

vision is one of a modern and **Insured Society** where all the vulnerable groups are protected — the retired and the elderly through an adequate and generous pension scheme; the sick, the handicapped and the dependent through access to free medical care and the unemployed through the provision of adequate unemployment benefits.

All of this to be provided through a diversified and well-functioning economy where the emphasis will be on accelerated promotion of Barbados as a centre of international business activity; where we will export our goods and services to new markets; where we will seek to make our country more competitive and where through a transformed agriculture we will grow more of what we eat.

We will seek to put our unemployed to work through sober and realistic policies based on the penetration of new markets and expanding training programmes at all levels, a carefully planned programme of public works and an increased involvement of the private sector in economic development.

4. A balanced and more attractive team

The Barbados Labour Party has always been a natural home for political talent. Today it has in its ranks a rich blend of youth, experience, talent and ability. This has resulted in the team of the BLP on a man-to-man assessment being a more balanced and attractive one.

5. Organisational efficiency

The BLP has brought modern campaign and electioneering techniques to the political arena. Its strategies are based on up-to-date and computerised information about the electorate. Since 1971 it has lost only one election the by-election in St. Michael South Central in 1978. Every other electoral contest it has won. This is a tribute to the strength of its organisation which is in an advanced state of readiness for the forthcoming elections. These are the factors that argue for a BLP victory.

DLP Statement

Bridgetown WEEKEND NATION in English 3-4 Jan 86 p 19

[Unsigned statement of Democratic Labor Party]

[Text] THE POLICIES AND PROGRAMMES of the Democratic Labour Party are based on the broad objects of the party as stated in its constitution. Essentially, these objects are to secure for the people of Barbados full enjoyment of their democratic liberties:

- Raise the standard of living and improve the quality of life of Barbadians by sound management of the financial and economic resources of Barbados;
- Secure and maintain honesty and responsibility in public life and to root out graft and corruption wherever it may exist;
- To create and maintain a social and economic atmosphere conducive to the enjoyment of equal opportunity and the democratic way of life;
- To foster and support policies on a regional basis designed to raise the standard of the people within the Caribbean region.

It is on those broad ideals that the Democratic Labour Party has served Barbados in the Opposition after the last general election. The time has now come again for the people of Barbados to make a choice.

Our case is presented in this way: ten reasons why you should vote for the Democratic Labour Party, and do it for Barbados. Then we shall summarise our own view on this subject.

1. A new Democratic Labour Party government will lead the way in agricultural reform. While we accept full support for the sugar industry, this cannot go on forever. Every effort will be made to find alternative uses for sugar and its by-products. The sugar industry must become a true industry if it is to survive.

The DLP will work with private sector farmers, large and small, essentially in the areas of marketing and research. The Barbados Marketing Corporation (BMC) must resume its role and more coordination between farmers and government in the areas of production and supply of produce will alleviate present problems.

2. The DLP is committed to the restoration of pride and confidence into the educational system. The present attitude of the ministry (us) against the teachers (them), can only be solved by greater accommodation and discussion on both sides.

The DLP will implement a number of well thought-out proposals: new nursery programmes, greater specialisation by teachers in primary schools, emphasis on the World of Work in the secondary school curriculum, reform the process of admission into secondary school; creation of greater and better provision for students failing the Common Entrance Examination, a secondary school in St. Thomas, more Government/UWI

coordination of placement and funding, greater use of the education plant in summer months, establishment of a comprehensive adult education programme.

3. In the area of health, the DLP promised since 1981 in its manifesto comprehensive hospital services in the north of the island. Since that time the DLP has felt that what is required is genuine discussion with the authorities of the St. Joseph Hospital in St. Peter to ensure through an input of resources that full hospital services become available there on a 24-hour basis.

Apart from this, the health services in Barbados up to 1976 were reputable and enviable throughout the Caribbean. The DLP admitted deficiencies at that time and in its 1981 manifesto and its present policy, it recommends an improvement in the Casualty services at the Queen Elizabeth Hospital, better training for hospital staff, assistance with overseas health care, establishment of a community nursing service, increased income tax deductions for health costs, among other initiatives. These are affordable and workable alternatives to the BLP's failed National Health Service.

4. **Employment.** This area is a cause of considerable concern to the DLP. It is in no small way due to the incompetence of the BLP in mismanaging the economic affairs of Barbados. It must be remembered that unemployment has been severe in both manufacturing and tourism — two ministries held by Bernard St. John before becoming Prime Minister. It can only be solved by a total package of economic reform coupled with the political will of the people — businessmen, workers, politicians.

It must start by an honest and fair assessment of the true unemployment figure in Barbados. We shall work within CARICOM to restore trading relations, as well as promote overseas markets for manufacturers. These will be complemented by tax reduction and reform and serious analysis of the cost of energy and other overheads, so that business will be encouraged to provide more work for people.

5. The first urgent steps the DLP will take in tourism are: (a) the appointment of a fully representative Board of Tourism so that all human resources can work closely together; (b) the lifting of the burden of some of the Government-imposed financial charges on the hotels so that they may have a chance to survive; (c) reduction or elimination of some of the direct taxes and charges on visitors.

Very much more will need to be done but until these fundamental matters are dealt with, the tourism industry in Barbados will remain in danger of collapse.

6. **Housing:** The DLP will continue its admirable record of house construction under a total housing strategy which includes new mortgage conditions, technical assistance to house owners (lower income), reduction of legal costs, re-organisation of the National Housing Corporation, quality control of building materials.

7. The youth of Barbados have no fears with the DLP because the party has always had the young people as a priority in their social planning. We shall expand the Youth Affairs Division, re-establish the National Advisory Council on Youth, among other initiatives. But the most important of our concerns is about the young women whom we want to have jobs, especially those who have never worked and who have children. This is the major task that we will immediately address our minds to.

The DLP will also look at the problems our elderly are having in paying utility costs, for example, electricity, water, gas. Our policy will be to assist our elderly with these payments, not on the basis of party support as is the current state of affairs, but on the basis that we are fundamentally concerned about the substandard living conditions many elderly persons endure.

8. **Law and Order:** Within recent times, this has been an area of considerable concern to the citizens of Barbados. The DLP shares these concerns. We see crime in its social context, that it is partly a product of social conditions like unemployment, bad housing, low self-esteem and so on.

We can only say that we will not condone or support lawlessness, and our way of addressing this problem is to look at it from its causes first, and not wait until it gets out of hand. We will resolutely uphold the rule of law since it seems now that we have reached the stage where too many "big" people are above the law.

9. The DLP's candidate are men and women of varied backgrounds and professions, sound character and unparalleled commitment.

We have tried to stress the question of morality in the selection of our candidates. Each of them possesses a different talent that, put together, can place this country back on its way to solid development and progress, reminiscent of the immediate post-independence era. "We believe in Barbados; help us to make Barbados better again," is their guiding theme. Help them to do it for Barbados.

10. The DLP's political leader, Errol Barrow, is a man who can safeguard your best interests. He is a resolute and effective statesman and leader who has given his life to the service of people. We have recently, since March, and even before then, had a period of fumbling, uncommitted leadership. This has awakened us to the need for action from our leaders, and not just talk.

/9365
CSO: 3298/292

WORKERS UNION SEES 'DIFFICULT' 1986 ON HORIZON

Bridgetown DAILY NATION in English 30 Dec 85 p 24

[Text]

THE BARBADOS WORKERS UNION (BWU) says it is anticipating "yet another difficult year" for Barbados' economy and its workers.

BWU general secretary, Frank Walcott, says it does not appear that 1986 will bring a "dramatic and upward change in the economy".

"... Rather, it seems that the year will be another difficult one for us, if no more than the first six months," he commented in the union's weekly Press advertisement yesterday.

"In our reflection on the events of 1985, we can state without any exaggeration, that it was a hard and difficult year for the workers," Mr. Walcott said.

He added: "The economy did not rise significantly, and it meant that the country did not enjoy the prosperity that might have been expected.

"The sugar industry survived and reached a production target that was not the lowest, but with falling prices, was forced to seek further financial aid from the Public Treasury.

"The tourist industry continued to develop in spurts but has not shown the allround virility that was evident some five years ago, and we witnessed a drop in this sector."

The sugar industry produced just over 100 000 tonnes, on par with the previous year. Tourist arrivals fell a cumulative 2.3 per cent at October compared with the first ten months of last year. A total 289 345 persons visited the island by the end of October.

Mr. Walcott said that despite the economy's position Barbados maintained a reasonably stable outlook.

He added that the death of Prime Minister Tom Adams in March had helped to demonstrate that Barbados was growing in stature "and developing the art of democracy when one of its leading personalities can depart the scene and democracy can continue to function without the disruption and hysteria that is sometimes associated with areas where democracy has not taken root".

The trade union leader said the BWU was satisfied it must take a studied look at the economic development of Barbados and have a serious reappraisal of some of the areas where public funds had been utilised, and the nature of the expenditure.

"We cannot ignore the millions (of dollars) that have been subscribed to transport, while serious deterioration of our roads, the transport, services and other means of public communication continue to exist," Mr. Walcott said.

He added the union was dissatisfied with the level of the Government subsidy to the trade union for training and industrial relations matters.

"The time has come when some of the money that the workers subscribe to the Treasury should be utilised in the underpinning of the security of a sound and viable democratic institution," Mr. Walcott said.

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CSO: 3298/292

1985 SUGAR EARNINGS DOWN; WORKERS WIN PAY RAISE

1986 Crop Delay

Bridgetown DAILY NATION in English 8 Jan 86 p 1

[Text] The start of the 1986 sugar crop has been postponed because of low fiber in the canes.

Chief executive of Barbados Sugar Industry Limited, Errie Deane, says a new date will be announced after testing on sample cane.

Officials had hoped to start harvesting on January 15.

"The canes are at present very green, and there is very little moisture in them. The fibre content is also very low and there is not enough to keep the boilers going," Mr Deane says.

He told the DAILY NATION yesterday it was essential for the canes to have a high enough fibre content so the factory boilers could be fueled by bagasse, the residue from juice extracted from the sugar cane.

Mr Deane said: "Although it is possible to start a factory using wood as fuel, that cannot be used to keep the boilers going the entire harvest.

"Once you have started the boilers, they must be kept at full go. It is not a process you can just stop and start."

Mr Deane said tests were being carried out on samples from all over the island and they still hoped to start the crop this month.

He noted that rain in January can usually retard the start of the crop by affecting the sucrose content of the cane and by making ground conditions difficult for the workers and harvesters.

Last year the first sugar factory started grinding on January 28; in 1984, on January 23.

Sugar officials do not think the harvesting will require foreign labour.

Workers' Demands

Bridgetown DAILY NATION in English 8 Jan 86 p 1

[Text] Sugar workers in Barbados are seeking a 12.5 percent pay increase.

That proposal has been put to sugar industry officials at the start of negotiations for a new contract on wages and conditions of work.

Represented by the Barbados Workers Union (BWU), the workers are asking for the same across-the-board arrangement they got two years ago.

The sugar industry's negotiating team, headed by executive director of the Barbados Sugar Industry Limited, Errie Deane, is now studying the proposals and the two sides are expected to meet later this week.

Mr Deane is optimistic about the outcome and says the cordiality which prevailed during the last negotiations is still there.

Meanwhile, a new date has been set for the next round of negotiations between the BWU and the Barbados Light and Power Company.

When the two sides met yesterday a little progress was reportedly made and further talks will take place at the Labour Department tomorrow.

Protracted negotiations between these two parties led to a recent work stoppage by staff in the company's distribution department.

The BWU was also to have opened talks with the Barbados-Central Bank yesterday but this had to be postponed.

The union wants to represent the entire staff, but management says it can only do so for staff up to the level of clerical officer.

However, the BWU says it has members in all staff categories which gives it the right to bargain for them.

1985 Earnings

FL131630 Bridgetown CANA in English 2345 GMT 12 Jan 86

[Text] Bridgetown, Jan 12--Barbados' mainly privately-owned sugar industry earned 79 million dollars (one Bds dollar, 50 cents U.S.) from last year's output, the SUNDAY SUN newspaper reported today.

The paper, quoting industry sources, said the crop earned about 60 million dollars from exports, down from the 1984 earnings of 64 million dollars because of a decline in the value of the pound sterling.

Barbados sells most of its sugar to Britain. The industry produced 100,247 tonnes of sugar and fancy molasses last year compared with 100,393 tonnes in

1983. Wage negotiations for 1986-87 are in progress and the industry aims to start harvesting by month-end.

Industry officials have said this year's crop should produce up to 110,000 tonnes of sugar and fancy molasses.

Wage Pact, Crop Target

FL240232 Bridgetown CANA in English 2325 GMT 23 Jan 86

[Text] Bridgetown, Jan 23--Barbados' sugar industry today reached agreement with the Workers Union on a new three-year wages contract which will cost it an additional 11.25 million dollars, industry officials said.

Executive director of the Barbados Sugar Industry Ltd., Errie Deane, said the agreement covered a five percent hike on basic wages this year and 2.5 percent increases in the second and third years.

Deane waid harvesting of the 1986 crop was expected to start February 3 as scheduled. The quality of the canes seems to be improving, he added.

Industry officials have forecast a 110,000 tonne crop for this year, which would be a 9.7 percent hike on last year's output.

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CSO: 3298/292

PROJECTS TO BENEFIT FROM EEC FUNDING IDENTIFIED

Bridgetown WEEKEND NATION in English 10-11 Jan 86 p 1

[Text] **BARBADOS will receive $18.7 million to finance three major development projects to be started within the next few months.**

This was announced yesterday by European Economic Community (EEC), delegate to Barbados and the Eastern Caribbean, Mr. Joannes Ter Haar.

The first, the National Fruit Orchard project, to which the EEC has given a grant of BDS $1 million, is aimed at reducing the island's annual fruit import bill. Government is contributing an additional $550 000 to the project.

Mr. Ter Haar says: "Under the project 25 acres of commercial fruit orchard will be established as a demonstration Orchard on Government land at Codrington Agriculture Station.

"In addition, a line of credit will be made available for on-lending at concessionary terms to selected farmers to establish, rehabilitate or expand private fruit orchards in different parts of Barbados.

Technical help

Initially the project will concentrate on a number of fruits which suit climatic and soil conditions, including mango, grapefruit, avocado and paw-paw. It will be co-ordinated by the Fruit Development Unit of the Ministry of Agriculture, and technical assistance will come from the Inter-American Institute for Cooperation in Agriculture.

Mr. Ter Haar says beside the line of credit for on-lending to selected farmers, which may be administered by the Barbados Development Bank, the project will also provide seedlings of adapted and improved fruit varieties, fertilisers, and pesticides, implements and irrigation equipment and technical assistance.

It is not envisaged that the project will concentrate on specific areas, but the principal criteria for the choice of location of project activities will be the interest and experience of selected farmers.

The suitability of their lands, sufficient annual rainfall, or access to water for irrigation purposes will also be taken into consideration.

The EEC's second contribution is to the Speightstown Fisheries Complex on which work should start on March or April. The total cost is estimated at $4 million and the EEC is giving $2.7 millions, the major part of which will be a grant and the remainder a soft loan.

Modern fish terminal

The project, to be located at **Fort Denmark**, will provide for the construction of a modern fish handling and processing terminal of a capacity of up to 800 tons. It is also expected to relieve the traffic congestion now experienced around Speightstown's existing fish market.

The complex, which will be operated by the government's Fisheries Department, should be completed within 12 months of the start of construction.

For the third project, the Bridgetown Port Improvement, the EEC, through the European Investment Bank, is lending $10 million which is repayable in 15 years at an interest rate of 5.6 percent. Under the project the Port Authority will further improve and expand its container handling and parking facilities.

A 40 tonne gantry crane with a 10-foot overreach will be procured as well as straddled carriers and fork-lift trucks to transport containers. On completion of the project in mid-1987 the port should be able to cope more effectively with the rapidly expanding volume of container traffic.

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CSO: 3298/292

BRIEFS

DECLINE IN EXPORTS--Bridgetown, Jan 22--Barbados' domestic exports for the first nine months of last year declined 16.8 percent compared with the corresponding period in 1984, as the island's trade suffered a 347,611 dollar (one Bds dollar, 50 cents U.S.) deficit, Central Bank statistics show. Both exports and imports contracted during the period under review. Domestic exports for January-September 1985 amounted to 376,050 dollars, compared with 451,924 dollars for the same period of 1984. Total exports for the 1985 nine-month period fell to 537,275 dollars, from the 613,571 dollars for the same three quarters of 1984. Imports for the 1985 period under review amounted to 884,886 dollars, compared with 992,606 dollars for January-September of the previous year. [Text] [Bridgetown CANA in English 2308 GMT 22 Jan 86 FL] /9365

PEANUT, COTTON PROBLEMS--Bridgetown, Jan 18--Heavy rains are devastating the local peanut crop, officials say. An estimated 20 of the more than 340 acres planted have been lost, according to radio and press reports. We have been having some difficulties over the last four or five weeks with peanut harvesting due to rainfall because peanuts should be harvested when the soil is relatively dry, said Trevor Rudder, a spokesman for the crop owners. The crop is projected to yield about 15,000 bags. Meanwhile the rains have forced postponement of the start of the 1986 cotton crop. About 700 acres of cotton have been planted at an anticipated yield of between 300 and 550 pounds of lint. Japan is purchasing the entire supply. [Text] [Bridgetown CANA in English 2348 GMT 18 Jan 86 FL] /9365

NEW ENVOYS--Bridgetown, Jan 11--Two new ambassadors will present their credentials to Barbados Governor General Sir Hugh Springer next week, the government information service reported. Soo-hing Min of South Korea will do so on Wednesday and Siki Coskun of Turkey, two days later. [Text] [Bridgetown CANA in English 2120 GMT 11 Jan 86 FL] /9365

CSO: 3298/292

BELIZE

PAPER VOICES BROAD CRITICISM OF UDP ADMINISTRATION

Punta Gorda PUP Rally

Belize City THE BELIZE TIMES in English 31 Dec 85 p 7

[Text] Citizens of Punta Gorda, Toledo District, at a public meeting on December 20, 1985 called for the resignation of the UDP government because of the hardship caused by its bad and incompetent management of Belize's affairs and its lack of consideration for the welfare of the people.

They want the People's United Party back in government to set Belize again on the right course of progress and to advance the work of the peaceful, Constructive Belizean Revolution.

They supported the speakers at the Rice Mill Plaza who spoke their sentiments as they deplored the atrocities committed by a UDP government in the space of one year.

The speakers included Mr Luke Palacio, Mr Mauricio Roches, Ms Olivia Centino, Mr Anthony Wesby, Mr Leigh Usher, Parliamentary Leader Florencio Marin and Party Leader George Price.

The meeting agreed that it is poor and false excuse to blame the previous government for debts incurred in economic development because there are assets to show for the money invested and that any government has the obligations to meet the payment of installments.

Moreover the previous government had made arrangements to pay the 1984 installments with a stand - by credit from the IMF.

Among the assets to show for the debt a r e the Toledo Community College and the telephone system which connects Toledo with the rest of Belize.

Despite the government's confusing reports on the debt, all the debt has not been paid. There are future installments to pay. Some installments due in 1984 were paid but not the bill owed PEMEX for fuel supplied to the Belize Electricity Board.

The government is responsible to pay the installments due in 1985 and future installments as they become due.

Year End Review

Belize City THE BELIZE TIMES in English 5 Jan 86 pp 1, 12

[Excerpts]

The year 1985 may well go down in Belizean history as a time of lost opportunities. A period of unfulfilled hopes and shattered dreams, a year of living dangerously close to political ineptitude at its worse.

At the National level, the first year of a blundering government was for many one year too much.

1985 was indeed the year of raise up. Food prices shot up when Mean Manuel raised the import tax by 25%. Gasoline diesel and butane gas went up several times. Even the cost of getting a birth certificate was raised up. Prices raised up every where. Salaries however stayed down.

Indeed in 1985 instead of getting 1,000 more jobs as promised, we witnessed the sad spectacle of thousands losing their jobs. The Libertad Sugar Factory was condemned by the UDP Government, pushing the North into a deep depression.

In other parts of the country PWD Workers were laid off right left and centre, Ward Maids at the hospital laid off, hundreds of workers in various government departments sent home. The cold face of Prime Minister Manuel Esquivel showed no compassion for the poor, the jobless and the hungry.

1985 will be remembered too as they year when Esquivel, Lindo and the other Ministers lived high off the fat. Cocktail parties in New Orleans at US $100.00 a plate for the UDP coffers. Flying free in rich Texans' Lear jets, wined and dined and then came the announcement: 689,189 acres of Belize (13% of Belize) sold for $12 million to a Coca Cola/ Bowen/Misher

Howell consortium. The Church Street law firm of two Ministers collected over $100,000 on the deal. The price of the land was estimated at $59.00 when Government acquired 18,000. While for stamp duty purposes it was estimated at $11.00 per acre. In the end, no registry fees and no stamp duty was paid. No development programme provided. Revenue of over $1 million was not collected. This Coke deal will come back to haunt these Ministers.

1985 was the year when the Judges of the Supreme Court were attacked and hounded out of office. The year when the independence of the judiciary, threatened. The year when the Constitution of Belize was strained and battered by a ruthless power-mad-regime. The PUP was denied the freedom to show "Our Turn" on T.V. Radio Belize became One big propaganda exercise. Citizens were kidnapped with the sanction of the Minister of Home Affairs. Charges of telephone tapping were levelled against Cable & Wireless and B.T.A. Big Brother was prying into our private lives.

Despite their promises to the barons for campaign contributions, the UDP after a bit of song and dance proceeded to spray the marijuana fields in November with a new unknown chemical called "Round up".

In 1985 Esquivel scolded Amandala twice, chased Lumumba out of his press conference, saw one of his Ministers (Energy) publicly predict a devaluation of the dollar, got embroiled in an oil scandal at BEB, and lied repeatedly to the to Belizean public on radio and television.

It was the year when the hopes and aspirations of young Belizeans were shattered on the rocks of political expediency.

It was the year when "UDP COUNTY" became pot hole county, when all that the World press found exciting about the Queen's visit to Belize was the eating of "the rat" (gibnut), when taxes were raised against the public but were reduced on beer to make one company richer, when Caribbean Airlines started and Caribbean Airlines closed down, when Sam Perdomo was declared a security risk, one month and declared no longer a risk the following month, when the boledo sellers went on strike and doctors went on strike, when the sale of Belizean passports for $25,000.00 was sanctioned by the U.D.P. House of Representatives, and Government tried to take over the San Pedro High School.

Defense Force Situation

Belize City THE BELIZE TIMES in English 12 Jan 86 p 4

[Unsigned column "Bottom Line": "BDF After Eight Years"]

[Text] The BDF (Belize Defence Force) has been in existence for the last eight years. Created in 1978, January 1, it has had a checkered life.

The BDF was formed from the Paramilitary arm of the Belize Police Force and some personnel from the old Belize Volunteer Guard.

Funds were provided by the British Government and the main purpose of the BDF is Belize's contribution to its own defence against "external aggression". Only in an emergency is it to assist the "civil authorities", if the police cannot cope.

When the local drug problem took on international dimensions and the then government found that the Belize Police Force could not cope with the problems, the BDF was assigned "search and destroy" missions to marijuana fields. Some times the BDF worked jointly with the police.

These operations between BDF and Police were largely successful. However, the present ruling party, which was then in opposition, severely criticized the use of the military in such operations. Today the government admits that it employs the BDF in anti-drug operations.

Other than these domestic activities, all the BDF does is train, train, train. Its size has not increased although it has a small air wing and an equally small naval wing.

It is in training that the BDF justifies its existence and the expenditure of over ten million dollars of local taxpayers' money. The British government also spend a few millions maintaining a British Training Team.

Eight years ago the British trainers were supposed to work themselves out of a job in five years time. Instead, they have managed to stay on and to cause confusion and sometimes mischief in the administration of the BDF.

During the eight years a Belizean" second-in-command" was created after many difficulties and opposition. He only lasted a short time

before "resigning". The expatriate trainers laughed. And so we will have a British Commandant and a full British Training Team 8 years after the BDF was established.

The aircraft of the air-wing are mostly used to ferry government ministers around the country. There is no known surveillance operation being done by the Belize air wing. They could be used for search and rescue missions.

As for the naval wing. It is hardly floating; and nothing is known about the project of the naval base.

If there were less politics involved in the promotion of officers, perhaps the BDF would be further ahead. Promotions depend on assessments by the Commandant. The Commandmant is just a man subject to all frailties and influences. He has also shown a preference for the UDP in the last general elections.

There is also evidence of racism practiced by members of the Training Team.

The BDF can do without that kind of leadership. It is time for the BDF to have a Belizean Commandant and it is time to train Belizeans in military matters. Eight years is time enough.

/13104
CSO: 3298/293

BRIEFS

'BUGGING' CHARGE AGAINST VOA--A little bird flew up to the top of the three towers in P.G. [Punta Gorda] put up by the Voice of America and came back to say that it is from those listening devices that telephone conversations are bugged. That installation has grown into much more than a radio relay station. [From the anonymous column "Dick & Jerry"] [Text] [Belize City THE BELIZE TIMES in English 12 Jan 86 p 6] /13104

CSO: 3298/293

FINANCE MINISTER ON ANTI-INFLATION MEASURES

PY300241 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Jan 86 p 35

[Text] Finance Minister Dilson Funaro yesterday announced a "package" of economic measures: 1. a 1-month freeze on sugar, rice, bean, and meat prices; 2. establishment of a consolidated national Treasury account with the Bank of Brazil; 3. control of the withdrawals by the Bank of Brazil from the government account at the Central Bank; 4. holding of special auction sales at the Merchandise Exchange Market to sell corn directly to the poultry farmers, bypassing middlemen; 5. increase from 12 percent to 25 percent the funds available to guarantee withdrawals by savings account holders and transfer these funds from the BNH [National Housing Bank] to the Central Bank; 6. hold back the disbursement of federal funds to states and municipalities.

The finance minister said that the SUNAB [National Superintendency of Supplies] will increase the control on the prices of basic commodities on the list of 19 basic items in the family basket. If the prices of rice, beans, sugar, and meat are readjusted upwards in February, the government will regulate such prices. Concerning the meat problem, Dilson Funaro guaranteed that this time the meat packing plants will not be able to scuttle government resolutions as they did last year. "Now, the market is well-supplied; last year, it wasn't," the minister emphasized.

Another measure to prevent an inflationary upsurge was announced yesterday; the establishment of special auctions at the Merchandise Exchange Market to sell corn directly to the poultry and hog farmers, bypassing middlemen, to reduce prices farmers pay. This measure may also be extended to other products, including imported rice and beans.

Minister Funaro mainly blamed the drought affecting central and southern Brazil for January's 16.2-percent inflation. Funaro said that while industrial products rose 10 percent on the average, agricultural products rose 18 to 20 percent. "Were it not for the drought, we would have had an inflation rate below that of 1984. Just coffee, which suffered a 106-percent increase in 1 month, represented a 1.4-percent increase in the January INPCA [Expanded National Consumer Price Index]," Funaro stated. Funaro also blamed the high January inflation rate on seasonal factors that come into play at the turn of every fiscal year, increasing prices.

Bank of Brazil

The minister announced that for better control over public revenues and expenditures the 720 accounts held by the Treasury at the Bank of Brazil will be united into a "consolidated account." This "consolidated account" will be managed by the Treasury Secretariat, which, although not officially established, has in practice been operating at the Finance Ministry. In addition, the Bank of Brazil will no longer be free to withdraw funds on its own from the Treasury account held at the Central Bank. The Bank of Brazil will need previous authorization from the Treasury Secretariat to make withdrawals. In compensation, the Bank of Brazil will have more leeway--"within its budgetary limits," Funaro said--to attract time deposits, which will no longer be mandatorily applied to purchases of ORTN [National Treasury Readjustable Bonds] as the bank has been doing to help "mop up" the Treasury red ink spills. Henceforth, the Bank of Brazil will be able to loan the money so raised to other sectors of the economy.

Savings

Dilson Funaro also announced the establishment of a 25-percent compulsory fund from passbook savings deposits to prevent massive withdrawals. Currently, large amounts of money are being transferred from investments in the overnight loan market and in the open market to passbook savings deposits, which enjoy full tax exemptions. This measure will be ratified during a meeting to be held by the National Monetary Council next Thursday.

/8309
CSO: 3342/63

BRAZIL

PCB SEEKING COALITIONS FOR ELECTION CAMPAIGNS

PY011347 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Jan 86 p 5

[Text] The Brazilian Communist Party (PCB) has decided to intensify its contacts with the other parties that, according to its leaders, make up the "democratic front" to seek alliances for the upcoming elections for state governors, national senators, the Chamber of Deputies, and state legislative assemblies. This strategy for this year's elections was defined last weekend during the national PCB congress held at the party headquarters located on Santo Amaro and Vela Vista Streets in downtown Sao Paulo. The PCB also decided to continue to defend the proposal to hold two elections, one for governor and another for prefect.

According to Alberto Goldman, federal deputy and leader of the PCB bloc in the Chamber of Deputies, the "democratic front" includes the political parties that advocate and support a "democratic transition": The PMDB [Brazilian Democratic Movement Party], the PSB [Brazilian Socialist Party], the PC do B [Communist Party of Brazil], and sectors of the PFL [Liberal Party Front] in some states. Goldman excluded the PDT [Democratic Worker's Party] and the PT [Workers Party], because they have a different position and views on the current situation." He said, however, that nothing can prevent talks with those forces that "objectively are part of the democratic area despite the fact that they do not have the same views as the Communists on the transition to democracy."

The alliances in each state, despite the special local conditions and variations, must respond to the national PCB policy of supporting the government and the transition. Goldman said, however, that the PCB will maintain an autonomous and independent position and even "criticize if necessary by opposing actions contrary to achieving democratic progress."

According to the PCB congress resolution, this year's elections "are extremely important for the consolidation of the party as a legal political force and influence in the country." This is why, said Goldman, the PCB will try to elect "a reasonable bloc that will have a vanguard role in the constituent assembly with the goal of achieving profound and quicker changes."

Goldman said that "there will not be an immediate alignment with the PMDB because that did not occur in many cities in 1985." However, contacts will be intensified with PMDB leaders in Sao Paulo to seek a coalition this year. He stated that the strongest PMDB candidate for state governor is Vice Governor Orestes Quercia, who is not a conservative. He added: "On the contrary, when Quercia was senator he proposed a constituent assembly and in 1974 he opened the party to the left." Goldman said, however, that he believes "the internal struggle within the PMDB is not ideological."

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CSO: 3342/66

CHILE

RADICAL PARTY ON SOCIAL MOBILIZATION

PY311250 Santiago LA TERCERA DE LA HORA in Spanish 24 Jan 86 p 4

[Text] The Radical Party [PR] has said that the disagreements within the Democratic Alliance [AD] regarding the answer it must give to the MDP [Popular Democratic Movement] are caused by different concepts of social mobilization.

The PR said that social mobilization must be oriented "permanently toward encouraging actions aimed at reestablishing democracy in the country."

In order for social mobilization to achieve its objective, said the PR, it is necessary "to create a large civic front comprising all organizations advocating the recovery of democracy through agreement and peaceful means." The PR said that the first priority is to create a National Coordination Committee for Social Mobilization.

In relation to the MDP letter, the PR said that "although we have different political concepts and ways of operation, we believe that within the context of the previous definition, the democratic aspirations of the Chilean people demand broad unity and coordination to face the task of social mobilization. Social mobilization must get the support of all the organized forces of civilian society, which agree on the type of strategy advocated by the PR and which no doubt represent the great national majorities."

Eugenio Ortega, secretary general of the PAC [expansion unknown], said: "We have always tried to make decisions based on agreement in reference to the AD internal dialogue related to the ways to reach agreements with other political forces especially with the MDP.

Ortega said: "We reaffirm our conviction that the AD is a basic political pact for the struggle for democracy and its later consolidation. This is why the Christian Democratic Party will continue to give it its full and decisive support especially during the important actions to be carried out this year."

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CSO: 3348/392

CHILE

DEMOCRATIC INTRANSIGENCE ISSUES PROPOSAL

PY311352 Santiago ANALISIS in Spanish 27 Jan-2 Feb 86

[Text of Statement published by the Democratic Intransigence carried in the supplement of ANALISIS magazine entitled: "The Democratic Intransigence, the Unity of the People and the Democratic Struggle in 1986"]

[Excerpts] I. Intransigence, a Tool of Unity in the Democratic Struggle

When the Chilean people were experiencing very hard and painful times, the Democratic Intransigence was established in April 1985 as a symbol of unity. First, its main objective is to intransigently defend the restoration of full democracy. It is impossible to recognize, either ethically, politically, or even tacitly, an anti-democratic institutionality; much less, a regime that prides itself on having destroyed democracy at the expense of a cruel and systematic violation of the human rights of the Chilean people. Second, through the unity of our social and political forces, without excluding anyone, it is possible to achieve democracy and freedom. In this regard, the Democratic Intransigence reasserts that there is a path for struggle around which there is a broad consensus among all democrats: namely, the development of social mobilization and civil disobedience, which is consecrated by the Universal Declaration of Human Rights. Finally, it recognizes that the people and their organizations are the main protagonists of this struggle to achieve freedom and to build a future democracy.

It is on these bases that the Democratic Intransigence is organized as a means to completely eradicate the present dictatorial regime and government through political confrontation, which is achieved by the destruction of the entire autocratic institution. Therefore, this is a national political movement of unity and struggle for democracy, which spreads these postulates to make them into a national cause promoting the unity of all democrats, promoting the consequent initiatives aimed at achieving democracy, and actively coordinating the actions of its members so that all these together may play a preponderant role in the struggle against the dictatorship.

The Democratic Intransigence values and respects the existing political alliances and it believes that membership in other democratic opposition groups is perfectly feasible whenever groups agree to share those political guidelines on which they are based. Our only interest is Chile, which is

why we are promoting a national consensus in order to offer our people a solid democratic alternative based on a permanent commitment with human rights, the establishment of a new constitutional order, and the formulation of new proposals based on political-institutional guidelines that will lead to a democratic transition and an emergency socioeconomic agreement.

In its new phase, the Democratic Intransigence will promote more energy [word indistinct] than before the need to achieve the unity of the people, which is determining factor to be successful in the democratic struggle aimed at defeating the dictatorship.

II. It Is Time to Conquer Freedom and Democracy

The year 1986 will be decisive. Democratic forces are today an obvious majority in our society.

III. A Consensus Is Indispensable and Urgent

The Democratic Intransigence proposes that all the democratic forces achieve a political and social consensus based on the following proposals:

1. To adopt as a common platform of struggle all the demands established in the "Immediate Measures" of the National Accord and those contained in the Chilean Proposal sponsored by the National Workers Command. This must be the common basis to mobilize the different social sectors in their struggle against the dictatorship and to establish a National Command for Social Mobilization to propose, based on a general agreement, a Plan for Civil Disobedience, the nature of the initiatives to be developed, and the path to follow.

2. To guide the development of the social mobilization toward a main task, that is the national paralyzation of activities demanding the end of the Pinochet's government and regime, and the immediate beginning of the democratization process of the country.

3. To promote the political agreement among all the opposition sectors regarding a common plan for the transition to democracy giving full guarantees to all democratic sectors so that the people, free and sovereign, can decide on the destiny of the country. For this purpose, we propose the following basis for transition to democracy:

The formation of an interim government headed by an authority of legitimate democratic origin such as the president of the Supreme Court. He, as interim president of the republic, must:

i. Implement the first measures for the reestablishment of democracy.

ii. Call for the direct election of a Constituent Assembly through a well-informed, secret and universal suffrage.

iii. Adopt an emergency socioeconomic plan to face on a priority basis the problems of hunger, unemployment, and endebtedness.

The Constituent Assembly will prepare a new Constitution, which must be approved in a referendum. The assembly must also:

a. Determine the temporary enforcement of the 1925 Constitution in the areas that it can be applicable.

b. Elect a provisional president who will hold his position until he is replaced in accordance with the new constitution.

c. Elect a provisional legislative commission to promulgate the laws needed by the government and the provisional state administration.

d. Establish a Constitutional Court that will also have the special duty of watching over the recognition and respect of the human rights of all the inhabitants of the republic.

e. Adopt the necessary measures to ensure the independence of the judicial branch, the impartiality of judges, and the thorough administration of justice.

This is a decisive year in the struggle for the recovery of democracy. We call on all Chileans and democrats to join forces to recover liberty and equality to give the people back their sovereign rights. [Signed] Manuel Sanhueza, president of the Democratic Intransigence.

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CSO: 3348/392

CHILE

CHRISTIAN DEMOCRATS RESPOND TO MDP LETTER

PY012046 Santiago ANALISIS in Spanish 28 Jan 86 p 6

[Letter from Gabriel Valdes, president of the Christian Democratic Party, PDC, to German Correa and the leadership of the Popular Democratic Movement, MDP--published as a paid advertisement; no date given]

[Text] Mr German Correa and the MDP leadership:

Gentlemen,

The PDC has analyzed the letter you addressed to the Democratic Alliance [AD]. The following is our opinion on the concepts and proposals contained in your letter.

We believe that the proposals made before the rally held at O'Higgins Park were the key to its success. The gathering, in effect, was an act by the masses in favor of democracy and in support of the National Accord and the nonviolent political methods of work.

This attitude prevailed during the fall, and those who attended it ensured that it prevailed until it ended. You contributed to create and preserve this tranquillity, for which we publicly express our appreciation.

Moreover, we believe that this criteria should be maintained as a political formula. An act by the masses that gathers thousands of demonstrators demanding respect for civil liberties and that is free of conflicts and rivalry, of mutual accusations, becomes important, not only because of the number of persons it gathers but because it reveals the social discipline and political maturity that exists and shows that the people will be able to overcome the critical situation they are enduring and face the problems of the future.

For us, the National Accord and, especially, the measures to be implemented immediately should become a single popular demand capable of peacefully mobilizing all national sectors without any exceptions.

We consider the mention you made to the State Department as unjustified.

We think we have sufficient moral authority to reject involving the conflict of the great powers in the Chilean situation and to maintain that those of us who take part in the struggle for democracy and its consolidation should have absolute autonomy to think and act.

The aforementioned allows us to maintain the criteria with which we are confronting the political problem, that is, the task of recovering a pluralist and representative democracy that is in keeping with complete respect for human rights. It would be a mistake to believe this procedure or strategic line represents a weak stance, a desire to carry out useless negotiations, or an attempt to extend the permanence in power of the current regime.

We have repeatedly made our proposals public. We have said that the reorganization of the civilian society, dissolved and coerced by the military government, is sought. This reorganization will be achieved by persevering through the social institutions themselves and in keeping with the aspirations of the majority sectors of the country. It is the duty of the political parties to encourage this process and to serve the social forces as a bridge toward the prospects of full democracy. In this way, the concrete reality itself will mark the phases of the peoples' organic unity and will establish a social front that will represent all those who are quashed by the dictatorship. Becoming aware of these issues is what we call social mobilization, and we believe that the role of the political parties is to bind the solidarity between the affected interests. In this way democracy not only opposes the dictatorial regime from the grassroots but is also getting ready for the experience that will immediately follow the conquest of democracy. This is what we call the peaceful means to get rid of the regime.

However, the country is fully aware that there is another means offered by you. The path you offer has different grounds and procedures.

The MDP, as a group, and some of the parties that form part of it, have adopted stances with which it would be almost impossible to confront the regime with an organized and conscious civilian society. Your proposal frankly and clearly contemplates the clash of forces between an unarmed people and a highly militarized government. Therefore, you trust in a direct confrontation, you speak a militarist language, your explanations are very ambiguous, and you still have not given a precise opinion on the terrorist actions.

We believe this is a great mistake, not only from the human and ethical point of view but also from the political point of view. A victory through this path does not seem possible. Moreover, it is certain that it will lead to defeat. But there is no doubt that the country is not willing to support forces that preach their support from democracy but that at the same time promote acts of violence and do not definitively condemn terrorism. We do not think that anyone in Chile today can obtain the people's support if what they have to offer in exchange will only increase tragedy or, later on, resort to the same methods the current military regime has to preserve the power obtained.

Therefore, this problem is a very pressing issue. When the MDP addresses the AD to tell it that broadness and consensus should prevail over sectarian or discriminatory attitudes or when it asserts that it all depends on the will for unity, it is really avoiding calling things by their right name, because it is precisely a matter of finding out whether there are grounds to talk about unity, democracy, consensus, etc., even if the aforementioned disagreements are maintained.

It is not honest nor responsible before the people to request unity from political forces that maintain completely opposite stances to some of you who are constantly preaching and supporting the use of violence and terrorism as a necessary method of struggle against the government.

You may tell us that for this very reason you are trying to organize the necessary meetings. However, there is no reason for them since there already is a broad debate which allows us to clearly see these issues and learn what one or another sector thinks about them.

However, we want to inform you that we are analyzing, for the immediate future, a broad program of definitions between democracy and the dictatorship, based on fundamental positions, transition procedures, guiding programs, and social bases that will allow the management of the future democracy. This entails summoning all political and social forces to voice their opinion on this basic dilemma that exists between an organized civilian society seeking democracy and a dictatorial government with its servants. This will undoubtedly allow a broad exchange because a decision will have to be made on how to struggle for freedom. We believe that within this scenario the debate might be more fruitful and decisive.

We hope you will clarify your position at that time of definitions. We are certain that most Chileans desire deep-rooted changes, reject the violence exercised by the government, are hoping to get rid of the government as soon as possible, and are willing to contribute to achieve this objective. But the Chilean people also demand that the means adopted be taken into account and reject the theory that violence justifies the use of more violence. Only an organized civilian society, within framework of respect for human rights, will have the necessary support to defeat the dictatorship. This should be taken into account and fully experienced if we desire to grant our country a lasting message. We hope that you, too, will believe this and that, in the name of the many victims you have lost under the violence exercised by the government, you will also understand that peaceful means, regarded as an entirely political operation, is the only path to defeat the government today and to preserve our democracy tomorrow.

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CSO: 3348/392

CHILE

VALDES EXPLAINS PDC STAND ON POLITICAL CRISIS

PY011322 Santiago Radio Chilena in Spanish 1600 GMT 31 Jan 86

[Text] Christian Democratic Party [PDC] President Gabriel Valdes has charged that the government of General Augusto Pinochet has launched an offensive against the dissident sectors. The PDC leader also called on Chileans to support democracy.

Valdes, who justified the PDC position toward alliances with other social and political sectors, said that the Pinochet regime is planning provocative actions against the opposition.

[Begin Valdes recording] There are indications that the government has stepped up its harassment actions in several sectors. We blame this directly on the president. We are deeply affected--actually, I believe the whole country has been affected--by factors of such significance as the formulation of a financial policy that is absolutely devoid of ethical and social objectives and that is based on repayment schedules that debtors cannot meet. No attention has been given to the situation of retired and unemployed workers, and to the workers' repeated demands. However, an exception has been made for retired Armed Forces personnel. This is discriminatory and will stir up the irritation of the millions of people whose demands have gone unattended.

For their part, exiles continue to be the eternal victims of an overwhelmingly immoral punishment. [end recording]

While the demands posed by the transportation sector, farmers, the business sector, and workers remain unanswered, the government continues to refuse to engage in an honorable dialogue, Valdes said. He explained his party's stand regarding this situation.

[Begin Valdes recording] The PDC maintains that all social and political sectors must take a clear stand on this dilemma, which is vital for our future as a nation: Either we continue to live under a dictatorship or we begin the transition toward democracy in 1986. Pursuant to this objective, our first goal is to strengthen and deepen our presence in the "National Accord for the

Transition to Full Democracy," which, regardless of what some people have said, is not and cannot be frozen, because one cannot relinquish a commitment to democratic ideals. Neither can the struggle to achieve such ideals come to a halt because of shortsighted people who are directly responsible for hindering the achievement of these ideals.

The history of all honorable peoples has been marked by the struggle for freedom, dignity, and democracy, which have always triumphed. [end recording]

Valdes then referred to the need to agree on a specific definition for democracy.

[Begin Valdes recording] The PDC is willing to sponsor an end to the use of force, in order to find a reasonable and civilized path toward freedom. We have shown that we want to reach an agreement. But there is one condition: That the agreement must have clear objectives and that it must accept democracy as the goal and as the path. This is why we have proposed a plan in support of a social mobilization, calling on all sectors to take a stand on their methods and goals.

The government is primarily concerned about the dictatorship-communist dilemma. It is the same fallacy used by the dictatorship in the Philippines and in so many other places. Those who insisted on that dilemma to the very end only brought death and destruction to their people.

A new confrontation between Chileans would only cause a new and more painful national crisis. [end recording]

He concluded that our mission is to maintain the possibility of solving the national crisis through a social and political approach.

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CSO: 3348/392

CHILE

COURT OFFICIAL SEALS CTC FILES; SEGUEL COMMENTS

PY010234 Santiago Radio Chilena in Spanish 2200 GMT 31 Jan 86

[Text] The leaders of the Confederation of Copper Workers [CTC] allowed without any objections an official of the 20th Civil Court to seal the CTC files.

This occurred at about 1700 when the CTC National Council was meeting to study the legal measure. A large police unit surrounded the CTC headquarters located on 283 Mac-Iver Street. A court official, Olga Bello, and police officers went to the fifth floor. They were met by Rodolfo Seguel, the CTC president, who talked with Bello and a police officer who brought the court order.

After allowing the CTC leaders to conclude their meeting, Bello fulfilled the order given by Judge Eduardo Castillo of the 20th Civil Court.

In statements to the press Rodolfo Seguel said that even if the files are closed with thousands of locks, the workers will break them all.

[Begin Seguel recording] I have received a court order and a large police unit came with it to practically raid the CTC headquarters. I told them that the police were not necessary. I explained that the CTC leaders were going to meet. The CTC council then agreed to allow Bello to enter, alone, without any policemen. This is a situation that is best handled through discussions. Bello and the policemen are only doing their jobs.

[Unidentified reporter] [question indistinct]

[Seguel] We are not concerned about the CTC facilities, I am concerned about the workers' opinion. Therefore, we hope that a solution will be found in the next few days. We have a full month because the courts are in recess. Perhaps we are also going to give the CTC personnel a month vacation to rest, and when the recess is over we will go back to work, and the lawyers will then see this problem and the situation we are experiencing. [end recording]

Seguel added that many unions and professional associations have offered their offices for the CTC to operate. The lack of facilities is not a problem.

Hugo Estivales, the CTC economic and social councilman, said that he was hoping that officials would not be too hard on the CTC but that unfortunately this was not the case.

[Begin Estivales recording] We must now consider the direction the CTC should take. I believe there are some disagreements about this but they are not significant. We as workers of CODELCO [Copper Corporation] in the Andina Division believe that we should try to return to legality. This is an organization created in 1951. I made an observation during the CTC congress and in two previous meetings that we were jeopardizing the stability of the CTC. I hope we think over this situation and return to legality. [end recording]

At about 1800 and after putting the seals in place the court official and the police left the CTC headquarters. Lawyer Nestor Gutierrez on behalf of the CTC team of legal advisers said that this evening a new appeal will be submitted to the court in addition to another appeal made this morning. At the same time 14 of the 15 CTC National Council members continued their meeting despite the court order which prohibits, among other things, the right to meet.

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CSO: 3348/392

ECONOMIC GROWTH PROJECTIONS FOR 1986 PUBLISHED

Havana GRANMA WEEKLY REVIEW in English 12 Jan 86 p 8

[Text]

I, Flavio Bravo Pardo, president of the National Assembly of People's Power of the Republic of Cuba,

MAKE KNOWN: That the National Assembly of People's Power in its meeting held on December 28, 1985, which is part of the 9th session of the 2nd Legislature, has approved the following:

WHEREAS: In line with the provisions of Article 16 of the Constitution of the Republic, the state organizes, directs and controls national economic activity, in accordance with the Integral Plan for Economic and Social Development, in whose drafting workers in all branches of the economy and other sectors of social life participate in an active and conscientious manner.

WHEREAS: In fulfillment of the provisions of Article 54, Clause b) and of Decree-Law No. 67 on the Organization of the Central State Administration, of April 19, 1983, the Central Planning Board has drawn up the draft of the Integral Plan for Economic and Social Development and submitted it to the Council of Ministers for consideration.

WHEREAS: In keeping with the stipulations of Article 96, Clause b) of the Constitution, the Council of Ministers has presented the draft of the Integral Plan for Economic and Social Development for 1986 to the National Assembly for consideration.

WHEREAS: The National Assembly of People's Power has debated the draft and noted that during 1985 the Cuban economy has maintained a sustained rate of growth and a rate of 4.5 percent is planned.

For 1986 the prevailing economic policy will continue, aimed at giving priority to exports and the production of those goods which can substitute for imports bought with convertible currency.

The plan has taken into account the classification of investments according to the established order of priorities giving support to those with the highest priority.

Plans call for continued improvement in the use of resources, chiefly in the field of energy which should provide an important portion of the foreign exchange earnings.

Regarding the people's standard of living, the 1985 levels of consumption will be maintained as a minimum, with improvements in health care, education and other services.

THEREFORE: The National Assembly of People's Power, by virtue of the powers vested in it, approves the Integral Plan for Economic and Social Development for 1986 presented by the Council of Ministers and adopts the following:

LAW ON THE INTEGRAL STATE PLAN FOR ECONOMIC AND SOCIAL DEVELOPMENT FOR 1986

ARTICLE 1. The State Plan for Economic and Social Development for 1986 covers all activities from January 1 to December 31, 1986, and is mandatory for all agencies, central state agencies, local organs of People's Power and budgeted enterprises and units.

ARTICLE 2. For the economy as a whole the following guide indicators will prevail in 1986:

Growth	Percent
Gross Social Product	3.0-3.5
National income	4.5-5.0
Industrial sector	3.2-3.7
Total retail circulation	2.5-3.0
Total exports	3.5-4.0
Nonsugar exports	20
Total imports	(3-2.5)
Wage fund	4.0-4.5
Productivity	2.5-3.0
Average wage	1.0-1.5

ARTICLE 3. The following standard of living indicators are also contemplated:

Finished homes	34 000

Growth	Percent
Individual consumption	2.5-3.0
Day care center enrollment	5.0
Secondary boarding school students	2.0
Hospital beds	5.8
Doctors	12

ARTICLE 4. The Council of Ministers is entrusted with organizing, directing and controlling the implementation of the Integral Plan for Economic and Social Development for 1986 by way of the Central Planning Board, other central state administrative agencies and local organs of People's Power, in line with the responsibilities of each and accountable to the National Assembly of People's Power.

ARTICLE 5. The Council of Ministers will examine the recommendations and observations made by the deputies during the discussion of the Integral Plan for Economic and Social Development for 1986 by the National Assembly of People's Power and adopt measures leading to more efficient implementation and control.

ARTICLE 6. The Council of State is expressly authorized to modify the guidelines and standard of living contained in the plan, in response to proposals from the Council of Ministers, in line with economic and social needs arising during its implementation.

FINAL PROVISIONS

This Law will go into effect on January 1, 1986.

To be published in the Official Gazette of the Republic.

Issued by the National Assembly of People's Power in City of Havana, December 28, 1986.

/12828
CSO: 3200/13

CUBA

INCOME, EXPENDITURE FIGURES FOR 1986 ECONOMY

Havana GRANMA WEEKLY REVIEW in English 12 Jan 86 p 3

[Text]

I, Flavio Bravo Pardo, president of the National Assembly of People's Power of the Republic of Cuba,

MAKE KNOWN: That the National Assembly of Article 96, Clause e) of the Constitution, in the 9th session of the 2nd Legislature in 1985:

WHEREAS: In keeping with the provisions of Article 96, Clause e) of the Constitution, in relation to Article 20 of the Organic Law on the State Budget System, the Council of Ministers has drawn up and submitted the draft state budget for 1986 to the National Assembly of People's Power for discussion as stipulated by Article 73, Clause e) of the Constitution and the above-mentioned law.

WHEREAS: The draft which was presented is an ideal instrument for the distribution and redistribution of the Gross Social Product centralized by the state which is destined to the development of the national economy, the material and cultural well-being of society, defense and internal order, national institutions and central state administration agencies, in keeping with the Integral Plan for the Economic and Social Development and for its implementation.

WHEREAS: The draft state budget includes provincial budgets for organs of People's Power in the provinces and municipalities to finance production and sociocultural, scientific and administrative activities at the local levels.

THEREFORE: The National Assembly of People's Power has approved the following:

LAW ON THE STATE BUDGET FOR 1986

ARTICLE 1. The state budget for 1986 is outlined in the following articles and it will be put into effect from January 1 to December 31 of that year.

ARTICLE 2. The state budget for 1986 will comprise the following income and expenditures:

Income	Millions of pesos
Contributions from state economic sector	11 760.6
Taxes and other contributions from nonstate economy	27.1
Taxes and duties paid by the population	230.5
Total income	12 018.2
EXPENDITURE:	
Production	3 938.1
Housing and community services	787.9
Education and public health	2626.5
Other sociocultural and scientific activities	1984.3
People's Power, the courts, Attorney General's offices and other state bodies and agencies	650.5
Defense and internal order	1307.1
Other activities	309.7
Reserves	392.6
Total expenditure	11 996.9
Surplus	21.3

ARTICLE 3. The central state budget for 1986, of which the social security budget forms part, is as follows:

	Millions of pesos
Income	8064.6
Expenditure	8043.3
Surplus	21.3

ARTICLE 4. The provincial budgets will have as their own income, a participation equal to ten percent of the contribution made by national agencies located in their territories based on earnings.

ARTICLE 5. Provincial budget income from locally controlled entities and other taxes, contributions and duties from the nonstate economic sector and the population, nontax income and shares in taxes and the subsidies and expenditures of the central budget are as follows:

	Millions of pesos		
	Income	Subsidy	Expenditure
Pinar del Rio	256.2		256.2
Havana	281.3		281.3
City of Havana	873.8		873.8
Matanzas	250.2		250.2
Villa Clara	271.3		271.3
Cienfuegos	141.8		141.8
Sancti Spiritus	168.8		168.8
Ciego de Avila	145.2		145.2
Camagüey	251.7		251.7
Las Tunas	188.2		188.2
Holguin	312.1		312.1
Granma	224.0	24.1	248.1
Santiago de Cuba	372.8		372.8
Guantánamo	165.8	35.1	200
Isle of Youth	50.6	36.5	87.1
Total	3953.6	95.7	4049.3

ARTICLE 6. The provincial budget proportion of taxes collected in their respective territories will be as follows:

	Percentage
Pinar del Rio	83
Havana	100
City of Havana	14
Matanzas	61
Villa Clara	63
Cienfuegos	49
Sancti Spiritus	98
Ciego de Avila	95
Camagüey	61
Las Tunas	99
Holguin	93
Granma	100
Santiago de Cuba	78
Guantánamo	100
Isle of Youth	100

ARTICLE 7. The social security contribution stipulated in Article 22 of Decree-Law No. 44 of 1981 is set at ten percent.

ARTICLE 8. Sums resulting from the fulfillment or surpassing of tax collection targets, contributions and other earnings from local budgets and the national budget and from savings in locally controlled budgeted activities obtained through reduced spending, reduction of unitary norms and other measures, and from the reduction of spending in selected enterprise indicators, will be placed at the disposal of the provincial and municipal organs of People's Power for the stimulus fund of the local organs of People's Power.

The State Committee for Finance will establish the percentage scales applicable to fulfillment surpassing above-mentioned income goals and savings, as well as the other measures needed to regulate the formation and utilization of the stimulus fund.

FIRST: The Council of Ministers is authorized to make the adjustments corresponding to income and expenditures for the central and provincial state budgets, affecting the reserves as a result of the modifications in the Integral Plan for Economic and Social Development during its analysis by the Council and by the Assembly, which have not been included in this law.

SECOND: This law will go into effect on January 1, 1986

GIVEN by the National Assembly of People's Power in City of Havana, December 28, 1985.

/12828
CSO: 3200/13

1986 BUDGET CALCULATIONS EXPLAINED

Havana GRANMA WEEKLY REVIEW in English 12 Jan 86 p 3

[Article by Rodrigo Garcia]

[Text] **Comrade President Fidel Castro, First Secretary of the Communist Party of Cuba;**
Comrade Flavio Bravo, President of the National Assembly;

Comrades All!

YOU ALL have copies of the report and appendix describing the budget for 1986. A study of the draft state budget for 1986 submitted to the National Assembly reveals the painstaking work carried out during 1985, characterized by a strong policy of economizing and a determination to promote a more moderate growth of budgetary expenditures. Thus, we expect the year 1985 to end with a reduction of one percent less than the budget expenditures for 1984, or practically a stop to the trend toward growth in this type of expenditures. It is also estimated that the expenditures for these reasons will be 1.9 percent less than the figure established for 1985.

It's worthwhile pointing out that the current budgetary expenses showed a mean annual growth rate of 12.3 percent from 1982 to 1984 and that growth ceased in 1985. Demands were met in terms of the development in public health, education, social security and social assistance, to mention only the most important.

For a better understanding of the bill being presented to the Assembly, a report was distributed which explains in detail the main earnings as well as the budgetary expenditures envisaged for 1986. Therefore, there's no need to delve further into the figures and data contained in that report.

However, we would like to stress three fundamental factors present in the calculations for the 1986 budget.

In the first place, the planned budgetary expenses are based on an increase in earnings on account of taxes, running to 172 million pesos over the 1985 figure and over 300 million pesos over the figure planned for that year.

This is an important goal, given the plans for cutting down on imports from the freely convertible currency area and increasing production to take the place of imports.

Therefore, income from this source will depend on the capacity to guarantee levels of production, with the variety and quality planned for a number of consumer goods, most of them produced in Cuba.

Other earnings of particular importance are those represented by the growth envisaged for the enterprises' contributions to the budget. For this purpose there are plans for an important increase in economic efficiency that will guarantee a favorable increase of more than 300 million pesos, as compared to the estimate for 1985.

as a result of either increased earnings or reductions in estimated losses. The efforts that must be made on behalf of efficiency are easily understandable when we know that the enterprises' net relations with the budget — that is, deducting the losses in those cases which are still reported — ran to 484 million pesos in 1984 and are expected to total 834 million in 1985 and 1.373 billion in 1986.

In the second place, the 1986 budget is characterized by a limited growth in current expenditures. This growth is estimated at 1.0 percent in relation to that of 1985.

The outstanding increase will be shown only in expenditures for guaranteeing the development of education, public health, social security and social assistance, housing and community services.

An estimated increase of 3.7 percent in expenses for education as compared to 1985 covers an increase in enrollment in higher education, which is comparatively costlier than primary and secondary education, and the opening of new children's day care centers, primary schools, urban junior high schools and special schools.

Also envisaged is the assimilation of recently graduated teachers and professors, mainly at the primary education level, to continue the process of raising their professional level.

In the field of public health, the growth is determined by an increase of over 3000 beds for new hospitals, expansion and better utilization of the existing medical facilities, development of medical and dental services, an increase in outpatient care and the opening of new specialized facilities.

Expenses in public health must also guarantee the continued education of doctors and technicians and the extension of the family doctor program.

Expenditures in social security and social assistance, projected to grow by 6.1 percent, include granting 46 000 new pensions for old age or disability and 6000 pensions to members of cooperative farms. Also envisaged is the opening of new homes for the aged and grandparents' homes, among other facilities.

The 1986 budget for housing and community services makes it possible to continue putting greater emphasis on that important activity by devoting twice as much as the amount spent for that purpose in 1981. The amount designated for repairs to housing and apartment buildings is five times as much as what was designated for that purpose in 1981.

Lastly, especially significant among the overall expenses are the investments resulting in greater compatibility with the interests of the plan for the national economy and a more rigorous implementation of its financing.

In the third place, we must draw attention to the fact that the 1986 budget includes the purpose that the budgetary expenditures in municipalities and provinces be effected to the extent that the estimated earnings are obtained, including as earnings the allotment that necessarily must be made by the central or provincial budget, according to each case, for the development of each territory.

This will increase the provincial and municipal governments' responsibility in the implementation of the plan for the national economy and budgetary expenditures, given that the expenditures in local budgets represent 34 percent of the total budgetary expenditures.

To achieve this, the draft budget envisages:

1. — Decentralizing the collection of the taxes on a number of consumer goods and having the territories in which these goods are consumed do the collecting.
2. — Viewing as earnings exclusively of each territory the taxes collected from the restaurant sector as a means to encourage an increase in efficient service.
3. — Introducing the practice that a small amount of the contribution made to the budget by state-owned enterprises located

in each territory be set aside for the local budget. This does not lessen the authority of the central state administration agencies to which these enterprises are subordinate.

This principle, contained in the bill, is designed to achieve a great identity between state agencies and the work and the efficiency of those enterprises, will make it possible for each community to contribute to the development of fundamental economic activities and will also make those activities more beneficial to the communities in which they are carried out.

Given its experimental character and with a view to its further development, the State Committee for Finance will issue the corresponding provisions for its establishment and implementation.

It's worthwhile pointing out that in the bill the resources transferred from the central budget in order to balance the budgets of those territories whose earnings are insufficient to cover expenses, are described as allotments. Therefore, the concept of subsidy, hitherto employed, will be reserved for the identification of unplanned financing in case of insufficient earnings.

These are, in a nutshell, the most important aspects which in our opinion should draw the attention of the National Assembly. The draft budget being presented does not take into account the effects of the hurricane, mainly on earnings.

The actions of our workers' collectives, the capacity to turn setbacks into victories allows us to submit this bill, convinced that we will achieve our purpose.

Thank you very much.

/12828
CSO: 3200/13

DLP CLAIMS DOMINICANS BEING MISTREATED ON GUADELOUPE

FL221147 Bridgetown CANA in English 2313 GMT 21 Jan 86

[Text] Roseau, Jan 21--The opposition Dominica Labour Party (DLP) urged government today to protest to France over the treatment of Dominicans in the neighbouring French island of Guadeloupe.

We demand that our government lodge the strongest protest with the French Government at the way in which our nationals are being treated, a DLP statement said.

The statement claimed that over the past few days more than 100 Dominicans had been forcibly deported from Guadeloupe under the most disgraceful conditions.

The DLP said that Dominicans were being herded together like cattle...and shipped back home without clothes, money, and their hard-earned belongings.

All Dominicans are being treated like animals in spite of the fact that the many crimes which Dominicans are accused of are committed by Guadeloupeans themselves. Frenchmen can legally enter here with only a driver's license as a valid entry permit but Dominicans are being treated as pigs...said the DLP statement signed by its political leader, Michael Douglas.

The opposition party said that government was being as silent as a tomb on the whole issue.

It called on the Eugenia Charles administration to immediately establish an embassy in Guadeloupe so that the rights of Dominicans to be treated with the dignity of human beings can be protected.

Officials at the foreign affairs department said they had received no official information concerning the alleged incidents in Guadeloupe.

It said that attempts to establish some form of organisation or consulate in Guadeloupe had been received with a negative response from Dominicans residing there. We have made several efforts already to establish some sort of representation for Dominicans in Guadeloupe...but all have been resisted by them, said an official of the foreign affairs department.

/9365
CSO: 3298/294

CHARLES, DLP LEADER DOUGLAS ISSUE HOLIDAY MESSAGES

Charles' Review of 1985

Roseau THE NEW CHRONICLE in English 20 Dec 85 p 2

[Christmas message from Prime Minister Eugenio Charles]

[Excerpts] Christmas is with us heralding the end of another year of happiness and pain, successes and disappointments and most importantly the continued development of our country and of the human spirit.

No matter what happened in the last twelve months this much we must say--we have gone forward.

To the farmers who suffered because of sustained torrential rains and high winds we wish to assure you that we consider your plight constantly and look forward to finding a way to implement an insurance scheme against risk to your crops and also to putting into effect the scheme for motorable, all-weather feeder roads.

As we enter the new year, we in turn renew our commitment to develop this nation for all the people of Dominica and not for any one sector exclusively.

This we will do with your continued support and encouragement.

Do not be disheartened by the various setbacks encountered from time to time. Any growing nation will face protests whether they come in the form of individual one-man demonstrations or a union strike. We must merely be firm and strong and act on principle because these disturbances or attempts to destabilise go hand in hand with things like Carnival, tree lighting ceremonies, and blockoramas. It is just a way of life--to be expected but not to be permitted to disconcert or hamper progress.

I wish to thank the private sector unions for understanding that they have a part to play in the development of the country and for their sense of responsibility shown during the past year.

To you civil servants who realised that the whole is greater than the part and that your own needs must not dominate and stultify the growth of your country we send our best wishes during this season.

To the private sector who support all the causes brought to your notice throughout the year--give generously to ghe government of your country by paying without grumbling the taxes justly imposed on you. To those members of the private sector who see the development of Dominica as development of themselves and of others, my very best wishes for a Happy Christmas and a Prosperous New Year. We are grateful for the imaginative thrust you have sustained.

Douglas' Criticism

Roseau THE NEW CHRONICLE in English 20 Dec 85 p 5

[Christmas message from Michael A. Douglas, leader of the opposition]

[Text] I would have preferred the circumstances surrounding this season of traditional joy and goodwill to be happier but alas, so much gloom, despondency and bitterness engulfs us that it would be hypocritical to wish anyone a Happy Christmas and a Prosperous New Year.

Our hopes for Christmas and aspirations for the New Year will perhaps find more realistic expression in a desire for peace and unity.

For those who endemically must needle, annoy, and victimise other people, it may be useful to remember at this time that the "Grace of God does not dwell with man at all times."

For those who enjoy 100% increases when their poorer brethren are left to get blood out of stone, it is well to reconsider "what they do to the least of their brethren."

For those young and not so young who face a bleak future of joblessness and want to find consolation in the knowledge that "every cloud has a silver lining."

The holiday season gives all of us an opportunity for rest and peaceful reflection, an opportunity of sparing a thought for our loved ones who have been forcibly removed from us, an opportunity to rededicate ourselves for the year which lies ahead.

1986 will be very difficult. Only hard work thrift and a firm spirit can take us through.

The Dominica Labour Party Executive and my wife joins me in extending to all friends, supporters and members a Peaceful Christmas and a New Year spent in pursuit of unity.

/9365
CSO: 3298/294

DOMINICA

BRIEFS

LOWER TRADE DEFICIT--Roseau, Jan 22--Dominica recorded a trade deficit of EC57.5 million dollars (1 EC dollar, 37 cents U.S.) in the first three quarters of 1985, according to provisional figures released here today by the government statistical department. This was nine million dollars less than for the same period in 1984, when the trade deficit was EC66.5 million dollars. Imports between January and September last year totaled EC110 million dollars, while exports stood at 52.5 million. The import bill in 1985 was slightly lower than that of 1984 when the island spent EC117 million dollars on foreign goods. Exports showed an increase of 2.5 million dollars above the 50.5 million dollars of the first three quarters of 1984. Bananas and soaps accounted for most of the islands' export earnings. Banana sales totaled EC28.2 million dollars--up from 24.4 million in 1984--and soaps EC13.6 million dollars in the first nine months of the previous year [as received]. Bay oil, citrus, paints and spring water also contributed to Dominica's export trade, the statistical department said. [Text] [Bridgetown CANA in English 2048 GMT 22 Jan 86 FL] /9365

CSO: 3298/294

CNTD LEADER ON EFFECTS OF AUSTERITY MEASURES

Santo Domingo LISTIN DIARIO in Spanish 27 Dec 85 p 12A

[Article by Arsenio Ramirez]

[Text] The National Confederation of Dominican Workers (CNTD) feels that 1985 was one of the worst years in recent times for workers and for the poor majority of Dominican citizens.

The secretary general of the workers' confederation, Mariano Negron Tejada, stated in a year-end analysis that "during these 11-1/2 months we have seen major social problems such as the cost of food and medicine, health care, the housing shortage, and the deterioration and rising cost of all public services, primarily transportation, grow to truly dramatic proportions."

The CNTD mentioned drinking water among those services; in addition to suffering supply shortages, users have had to pay higher water bills. It also brought up the problem of electricity, and the high incidence of unemployment and underemployment.

Negron Tejada stated that thousands of families have seen their living conditions deteriorate to the point of what is known as extreme poverty. "Infant mortality has increased considerably," he noted, "and social deprivation has become a normal fact of life for hundreds of thousands of people."

He said that because of the economic policy imposed by the International Monetary Fund (IMF), some 5,000 medium and small businesses were driven into bankruptcy, and their employees were put out of work.

"Other commercial establishments and businesses had to cut back on their operations and their payrolls," he stated.

He asserted that the implementation of the stand-by agreement for expanded facilities from the IMF at the end of last January was the root of this situation. "The unification of the exchange rate as a result of this agreement raised the price of fuels and consequently those of electricity and transportation, and the production and operation costs of all industries and businesses," explained Negron Tejada.

Value-Added Tax and ITBI

The union official added that taxes such as the value-added tax and the Tax on the Transfer of Industrialized Goods (ITBI) had already driven up these costs.

The CNTD secretary general went on to say that "the finishing touch was the shrinkage of the money supply and the restrictions on financial facilities for businesses. In order to cover their operations, businesses had to resort to the so-called informal banking sector, where truly usurious interest rates are charged."

He noted that as a consequence of this, the cost of living went up. The rise in production costs and commercial speculation also played a role, with the resulting bankruptcy of thousands of businesses unable to tolerate the new economic conditions that prevail in the country.

"We should mention here the case of some 100,000 workers in the construction industry who are idle because of the paralysis of this important source of employment. It is estimated that construction costs rose 40 percent in 1985 alone," he said.

He warned that this situation is truly explosive, and it explains the tremendous social and political unrest that can be observed in the Dominican Republic.

8926
CSO: 3248/159

DOMINICAN REPUBLIC

PRESIDENT APPROVES NEW FREE TRADE ZONE IN SAN PEDRO

Santo Domingo LISTIN DIARIO in Spanish 31 Dec 85 pp 1, 12

[Article by Maximo Manuel Perez]

[Text] President Salvador Jorge Blanco yesterday authorized the establishment of a new free industrial trade zone in San Pedro de Macoris, which will be operated and administered by Chem Tec Enterprise S.A., a mixed-capital company.

The president emphasized that the eastern city has suitable conditions for the development of a new industrial free trade zone, which would also create a large number of new jobs in the province. He also pointed out that this company purchased the land needed for its operations from the Industrial Development Corporation.

The chief of state also immediately extended to that free trade zone the benefits of Law 299 on Industrial Protection and Incentives, and Decree 1864 of 29 July 1956, which sets forth the regulations for these industrial parks.

As a result, the production of the industries established in the new free trade zone in San Pedro de Macoris will not be subject to any taxes or tariff charges when exported to foreign markets. In addition, income tax exemptions will be granted pusuant to Paragraph d of Article 12, corresponding to Category A in Law 299 on Industrial Protection and Incentives of 23 April 1968, which was modified by Law 145 of 27 June 1983.

As for the importation of processed and manufactured goods to the Macoris free trade zone, the executive branch specified that if these goods contain raw materials from here or abroad, only the duties corresponding to foreign raw materials used in processing must be paid.

The rules for determining what constitutes raw materials in each case, depending on the nature of the industry involved and the proportion of foreign raw materials that will be subject to taxation, will be established by the Secretariats of Finance and Industry and Trade.

The decree states that the free trade zone must be approved by the Industrial Development Directorate that was created by Law 299 of 23 April 1968, in accordance with the procedures specified in that legislation.

It also stipulates that the General Customs Office must provide everything related to the measures necessary for better protection of fiscal interests. For this purpose, the necessary officers and inspectors will be assigned to the new Industrial Free Trade Zone in San Pedro de Macoris. These officials will be responsible for the following:

--Proper control of all merchandise brought into the zone for the production of industrial goods.

--Exports of industrial goods to foreign markets.

--All matters related to the entry into national territory of the merchandise produced in the zone pursuant to this decree.

--All other functions necessary for the effective safeguarding of fiscal interests.

The order issued by the chief of state specifies that any industries established in the Industrial Free Trade Zone will enjoy the exemptions set forth in Article 12, Category A of Law 299 on Industrial Protection and Incentives, dated 23 April 1968, for the term stipulated in Article 47 of that law; and those set forth in Decree 895 of 19 March 1983.

8926
CSO: 3248/157

DOMINICAN REPUBLIC

AGRARIAN REFORM INSTITUTE REPORTS 1985 ACTIVITIES

Santo Domingo LISTIN DIARIO in Spanish 1 Jan 86 p 4B

[Article by Manuel Silvestre]

[Text] The Dominican Agrarian Institute (IAD) obtained some 161,953 tareas of land for Agrarian Reform in 1985, and established 50 settlements that benefited 3,546 families, according to information provided by that official agency.

The IAD also reported that throughout 1985 it managed to plant an area of 1.4 million tareas in different crops on the farm settlements. Of that total area, 1.3 million tareas was harvested, and the value of production amounted to 156.6 million pesos.

Among the principal crops harvested was rice, with 125,520 quintals valued at 83,777,801.00 pesos. In relative terms, this represents 53.49 percent of the total production value obtained by the IAD beneficiaries.

Another major crop in Agrarian Reform is kidney beans. In 1985 a total of 175,500 tareas was planted in this crop, representing 12.64 percent of the total area planted by the Agrarian Reform sector.

The total area harvested amounted to 132,935 tareas, or 10.37 percent of all harvested land, and yielded 7.95 percent of the total production value.

Corn

Corn is also one of the most influential crops in production activities in the Agrarian Reform sector, accounting for 8.77 percent of the total area planted in the IAD settlements, with 121,694 tareas.

"Harvesting took place on 83,608 tareas, representing 6.5 percent of the harvested area under the IAD. Total production was 167,589 quintals, and it earned 3.9 million pesos."

Among other crops planted, 934,214 quintals of tomatoes for industrial use was produced, generating income of 4,151,160 pesos. "This is equivalent to 2.65 percent of the gross earnings obtained through Agrarian Reform."

Sorghum

Sorghum has become a significant crop in the Agrarian Reform production sector, accounting for approximately 5 percent of the total area planted, with 64,943 tareas. It represents nearly 4 percent of the total harvested area, which amounted to 49,303 tareas in absolute terms.

Cassava was planted on 61,001 tareas, or 4.39 percent of the total area planted on the IAD settlements. The area harvested amounted to 31,577 tareas, and 171,877 quintals of cassava was produced, for income of 106,184 pesos.

The IAD explained that these crops represent 80.55 percent of the total area planted, 61.56 percent of the total area harvested, and 70.55 percent of income received.

Agricultural Credit

The IAD also reported that a total of 4,988 loans were granted by the Agricultural Bank to support production programs in the Agrarian Reform sector. It explained that these loans went to 18,696 peasants, who worked 744,371 tareas.

It stated that the amount of money disbursed for planting totaled 68.4 million pesos, representing 76 percent of the total amount scheduled for 1985.

The IAD pointed out that in 1985 it distributed 4.7 million pesos to 2,849 families in the Agrarian Reform sector. These families worked their land in partnerships or collectives.

Labor Secretariat Releases Year-End Figures

The Secretariat of Labor stated yesterday that during the year that is now ending 1,633 new industrial, commercial and service establishments were registered throughout the country.

It noted that as a result of these start-ups, 13,320 workers obtained employment and earned total wages of 3,946,165 per month.

According to figures supplied by the secretariat's press office, last January 169 new industries were registered in Santo Domingo and cities in the interior.

During that period, workplaces employed a total of 1,517 workers, who earned monthly wages totaling 396,464 pesos.

The Secretariat of Labor also announced that in February 92 new businesses started up in various parts of the country, while in March, April and May 162, 106 and 159 were registered, respectively.

During that period, it reported, more than 4,000 workers were hired, and earned monthly wages totaling 1,165,963 pesos.

"Last June 169 industries were registered; in July, 139; in August, 115; and in September, 125. They employed nearly 6,000 people, who earned monthly wages of 1,468,346 pesos all together."

Labor Secretary Pedro Franco Badia said that the installation of new businesses is an indication of the confidence businessmen have in the government of Dr Salvador Jorge Blanco.

Dr Franco Badia said that despite the economic crisis in the country, the number of industries registered in 1985 rose considerably above the figures for previous years.

He pointed out that with the establishment of these businesses, 13,320 families were incorporated into production.

8926
CSO: 3248/158

DOMINICAN REPUBLIC

IMF PRAISES FULFILLMENT OF STAND-BY AGREEMENT

Santo Domingo LISTIN DIARIO in Spanish 3 Jan 86 p 1

[Article by Jose Romero]

[Text] The executive board of the International Monetary Fund (IMF) praised the work of the Central Bank in fulfilling the agreements of the current stand-by program at the last board meeting on 27 November, which was held to review the case of the Dominican Republic.

The consultation on the Dominican Republic took place pursuant to Article 4 of the pact, with requires these evaluations.

The statement by the chairman of the IMF board of directors indicates (according to information released yesterday by the Central Bank) that the directors understand that the conclusion of this agreement will help create the conditions that are necessary for renewed, steady economic growth within a framework of financial stability.

It also notes that one of the accomplishments was the easing of inflationary pressure, and attributes this partly to the "flexible exchange rate" policy. Maintenance of this policy is considered essential.

The text of the statement is as follows:

"The executive directors expressed solid agreement with the conclusions of the evaluation made by the staff for the 1985 consultation with the Dominican Republic, as required by Article 4.

"The directors praised the authorities for the significant progress they achieved in coping with the principal internal and external imbalances of the early 1980s. The financial program for 1985 has come to grips with the difficult economic and financial situation in the country, and its implementation will help create the conditions for the resumption of steady economic growth within a framework of financial stability. The recent easing of inflationary pressures was welcomed, and the directors noted with satisfaction that as of the end of September 1985 all the criteria for execution of the stand-by agreement had been met.

"Among the measures taken in the program for 1985, the adoption of a flexible exchange rate policy was cited by the directors as being particularly significant. They said it paved the way for removing serious cost and price distortions in the economy. The directors emphasized the importance of preserving the economy's competitiveness, and in that context they supported the authorities' commitment to a flexible exchange rate system, which they considered essential.

"As for tariff and pricing policies, the directors expressed the opinion that considerable progress had been made in eliminating the distortions.

"The directors noted that investment spending had been cut considerably, and warned that this could limit future prospects for growth. They expressed particular concern about the major negative flow of medium- and long-term loans in the balance of payments, and predicted that this will lead to a significant drain of capital from this account in 1985/1986. The directors stressed that adequate foreign assistance--including appropriate infusions of funding from international institutions--would be necessary to support the adjustment efforts the Dominican Republic is making within a difficult economic and social context. While welcoming the news of increased loan commitments from the World Bank to the Dominican Republic in 1985, the directors urged the bank to step up its participation in that country, in view of the structural challenges that the Dominican economy faces, particularly with regard to the diversification of the economy's productive structure and exports.

"The directors commented that monetary and credit policies had been restricted appropriately, and indicated that the freeze on credit to the non-financial public sector had been introduced in 1985. They added, however, that additional measures would be needed to guarantee positive real yields on financial assets.

"The directors agreed that the Dominican Republic's external position, although still weak, has been strengthened in recent years.

"The directors expressed satisfaction with the substantial reduction of the current account deficit in 1984/1985; they observed that far fewer external payments were in arrears in 1985, and took note of the improvement in the position of net external assets with policies aimed at establishing a viable external position in the medium term.

"The directors observed that the alleviation of the debt burden provided by the official creditors of the Club of Paris and the Multi-Year Rescheduling Agreement with the commercial banks will clearly help the Dominican Republic reestablish a viable external payments position. Given the high level of foreign indebtedness and the corresponding burden of servicing the debt, prudence in administering the debt will be imperative in the years to come.

"The directors welcomed the announced intention of eliminating the temporary exchange surcharge.

"It was agreed that the next Article 4 consultation with the Dominican Republic will take place within the regular 12-month cycle."

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DOMINICAN REPUBLIC

EXPATRIATE INVESTMENTS CAUSE INFLATION IN HOUSING MARKET

Santo Domingo LISTIN DIARIO in Spanish 22 Dec 85 p 1C

[Article by Jose Romero]

[Text] For the second consecutive year, Dominicans who live outside the country, specifically in New York, returned to take the real estate savings and loan system "out of the hole."

In 1985 strong pressure was exerted on the sector and dramatic changes took place, primarily because inflation drove costs so high that a broad range of bidders have been virtually excluded from the market.

The vacuum was then filled by non-resident Dominicans who, just as they did in 1984 and late 1983, began to channel their savings into real estate investments in the Dominican Republic.

First they did it through friends or relatives, and the initial remittances were handed personally or mailed to these intermediaries. Then they began to utilize the services of a few firms that began to specialize in this activity.

Spying on New York

Monitoring what was going on in the marketplace in that great city from their vantage point here, savings and loan associations and mortgage banks quickly began to take action, opening up investment offices in New York. Today there are about 14 such offices operating there. Meanwhile, as the economic situation of Dominican immigrants improves, the result in turn of the U.S. economic recovery, these nationals increasingly convert their savings into a home or plot of land, the dream of a lifetime.

It is not unusual today to see young Dominicans walking through Manhattan, The Bronx or Queens in search of an address; they have an appointment there to show blueprints for a project that is underway in Santo Domingo, Boca Chica, Santiago, Puerto Plata, wherever.

The market thus expanded is so strong today that even the languishing construction industry has felt its rejuvenating effects.

But since every coin has another side, this apparent boom in foreign investment has had a disturbing side-effect: inflation. Prices have been distorted, sometimes tripling. Home prices, sometimes paid directly in dollars, are reflecting the free market rate.

One principal conclusion that should be made very clear is that the country has never been able to meet its goal of producing 25,000 new housing units per year. This is the minimum requirement just for dealing with the theoretical housing shortage each year, and does not take into account the demographic growth that releases new contingents of youths on the so-called market each year.

Prices Adjust to Dollars

In addition to the "adjustment" that has taken place in home prices with relation to the dollar, other important changes were observed in 1985. Most of them are part of a complicated web of mechanisms designed to protect the sector against inflation. These mechanisms have resulted in the artificial concealment costs and prices.

For example, there is the well-intentioned Monetary Board resolution that seeks to attract repatriated capital. It raised the rate from 14 to 18 percent over a period of 1 to 3 years, up to a maximum of 10,000 pesos.

It was assumed that in the final year of this term the 18 percent rate would be paid on the maximum deposit of 10,000 pesos. But what has actually happened is just the opposite: 18 percent has been paid since the first year, and on a minimum deposit of 1,000 pesos.

The consequence of this is that the overall cost of money for housing construction has been driven up, because paying 18 percent on the principal entails an additional 3 or 4 percent in commissions or closing costs. This means a total of 24 percent, with 2 or 3 more points in profits. The final result is 26 to 28 percent. On the other hand, people with old deposits earning 11 percent have switched to the 18 percent deposits, creating liquidity pressures.

This resolution has had some positive effects, however, but they have only been partial because there is some repatriated capital that will never return, no matter how low interest rates fall in the United States and no matter how high they rise here; it will always remain on Wall Street.

TGT

This year a novelty known in the corridors of the world as the "TGT" (standing for "Transactions Guaranteed by Third Parties") has entered the scene. These transactions take place because as money becomes tight, some entities must resort to third parties to endorse or guarantee loans because they do not dare run the risk of that unauthorized margin. Thus, a large number of "endorsement" or guarantee firms have begun to crop up.

Moreover, the allowance of up to 20 percent for commercial loans has deprived long-term backers of fresh money, as customers prefer short-term instruments so that they can have automatic 6-month or yearly closings. But this is partly responsible for the fact that savings and loan associations and mortgage banks have been able to offset the need to revalue their portfolios, and to a certain extent it has served as a cushion that subsidizes general transactions.

In sum, the year was marked by a strange circumstance: The cost of housing has gone up by 60 percent, pushing out of the market families that used to have average incomes below 1,000 pesos and forcing the associations to perform "miracles" to hang onto them. But some individual institutions have launched aggressive incentive campaigns and have managed to grow.

The market has come up short, however, while other competitors have moved in. It is as if the pie is still the same size, but the slices have become larger.

And one fact of life is this: If inflation is 6 percent and an entity grows by 20 percent, one would not suppose that there has been a deficit of 40 percent.

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DOMINICAN REPUBLIC

CONSUMPTION OF PETROLEUM PRODUCTS ANALYZED

Santo Domingo LISTIN DIARIO in Spanish 25 Dec 85 p 2B

[Article by Jose Romero]

[Text] Petroleum consumption in the country, especially that of oil derivatives, appeared in 1985 to be directly connected to a number of activities in the economy, in agriculture and livestock, and even in the people's general lifestyle.

The latest year-end statistics reveal important changes in the demand for these products. Some of the changes are a little confusing, however, because in general the country reduced petroleum (that is, crude) imports. But the consumption of some derivatives, such as gasoline, increased.

Lower crude imports are due to the inactivity of Alcoa and Falconbridge (the latter has begun to recover, however), two major consumers of direct crude.

Liquefied Gas

The consumption of liquefied gas remained more or less equal, but only after a problem-plagued year that included police chasing and arresting motorists who tried to take advantage of the fact that the price of a gallon of LPG was cheaper than that of gasoline, at a ratio of two to one. These motorists did not consider the problems of corrosion and the lack of internal exhaust in their engines, which would eventually cause additional maintenance problems.

At the end of the year, however, as a result of the elimination of the price differential and the actions of transit police, people began to lose interest in LPG. The government had intended the price subsidy to help housewives. It is estimated that a car uses as much LPG on a round-trip to Puerto Plata as a family uses cooking for 45 days.

Authorities believe that the rising demand justifies fears that we will have to import this product directly again, just as before the refinery was built. The refinery's production capacity is very limited.

Gasoline

During the year gasoline consumption rose, which indicates that people got used to this "noble" fuel once again and abandoned gasoil. But the most important thing is that the demand for cars continued to increase, proving the contentions by economic officials that an automobile is not a luxury item. The many activities of the economy require sufficient means of transportation of all sorts, especially in a country where mass transit is inadequate.

In addition, commercial cargo transport and agricultural production unquestionably require means of locomotion, both for working the land itself for production and for sending products to market. Most of the time transportation from the fields by local roads is carried out by middlemen, who naturally charge a fee.

Aviation Gasoline

People used to say that the aircraft that landed in this area frequently came to the country simply to fill their tanks, taking advantage of the lower prices, and that once the gap in prices was closed the demand would drop again. This has not happened, and the consumption of so-called "Avtur" or aviation gasoline continues to rise.

To a certain extent, this is an indication of more air traffic in the country. And this is a weak point if we consider that to attract more tourism we will have to allow as many airlines as possible to land here.

Gasoil for CDE

The Dominican Electricity Corporation (CDE) considerably boosted its demand for gasoil for reasons that require an explanation connected with the weather situation.

According to weather reports, although the rains were acceptable this year, with similar precipitation figures to those of previous years, reservoir levels did not reflect this rainfall. Why not? According to the experts, the reason is that this year it began to rain in areas where it did not rain before, and the pluviometric or rainfall radius moved away from the location of the reservoirs.

The cause of this change was a shift in the direction of winds, which sent the rains further south.

Considerable Decline

The recession in the black tobacco sector, due to the replacement of this variety by light tobacco on the international market, had an impact on the use of kerosene. The connection lies in the fact that this gas is heavily used in the process of drying the tobacco, an activity that declined considerably during the year.

Light tobacco is dried in the sun, with "cheap" solar energy that does not cost anything.

In addition, the consumption of traditional kerosene sold in bottles for lighting homes has also fallen. The reason is that now a bottle costs a peso, and not too long ago it sold for 10 centavos.

Now rural residents, instead of the time-honored "jumiadora" of our grandparents, use castor oil, precisely because it lights so well and does not cost so much.

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DOMINICAN REPUBLIC

SANTIAGO FREE TRADE ZONE EXPANDED IN 1985

Santo Domingo LISTIN DIARIO in Spanish 27 Dec 85 p 1C

[Article by Jose Romero]

[Text] The year has drawn to a close with one of the highest growth rates ever in the Santiago Free Industrial Trade Zone. The number of jobs and of installed businesses, the area of construction, investments, and the net results of the fiscal year all registered substantial increases.

The annual report by the president of the Free Trade Zone Corporation, Victor M. Espaillat M., highlights these figures and also indicates that after 31 March, the expansion was accelerated as construction began on seven buildings covering an area of approximately 15,100 square meters. The buildings were intended for established and new industries.

In addition, the corporation began infrastructure work on adjacent lands that have been purchased to expand the zone.

Don Victor states in his report, however, that the corporation has limited funds. Its future plans will necessarily depend on the credit provided by the Central Bank. In this regard, he reported on the negotiations that were undertaken, and also hailed the cooperation received from President Salvador Jorge Blanco.

The following positive developments appear in his annual report:

The net result of the 1984-1985 fiscal year (excess of income over spending for the period) of 575,388 pesos represents an increase of 174,593 pesos, 44 percent, over the previous year's figure. That figure, 400,795 pesos, set a 10-year record. The difference is attributed to the fact that income rose by 380,907 pesos while outlays rose by just 206,314 pesos.

Property, plant and equipment investments, which represent 93 percent of the corporation's total assets, amounted to 1,145,829 pesos. This increase includes 1,129,609 pesos in building investments, with 462,078 pesos spent on construction in progress and 16,221 pesos on miscellaneous equipment.

The amount of available work space in existing buildings was expanded by 14,440 square meters during the year, including 3,387 square meters that were still under construction at the end of the fiscal year for the installation of MEYRA Manufacturing and the expansion of Bend'n Stretch.

During the 1984/1985 fiscal year, a total of 11,053 square meters in new construction was completed, 10.5 percent of the total space available at the end of the previous year. This increase included 9,157 square meters in expansion by five companies: L'Ecole Knit W rks, Inc. (1,863 m^2) and KHS Manufacturing Corp. (957 m^2) in the clothing manufacturing sector; General Cigar Dominicana (3,718 m^2) and Tabacalera A. Fuente & Cia., Inc. (753 m^2) in the area of tobacco processing; and Caribbean Electronics, Ltd. (1,866 m^2) in the field of electrical and electronic components. In addition, Indvest, Inc. and Custom Tailored, S.A. expanded their industrial area by 345 and 1,114 square meters, respectively, by moving into buildings that were made available during the period in question.

Three new businesses began operations with a total area of 5,658 square meters: Interamerica Leather Products, Inc. (1,896 m^2) in clothing manufacture; Domfesco Industries, Inc. (1,896 m^2) in shoe manufacture; and Meilink World Holdings, Ltd. (1,896 m^2) in the manufacture of electronic components. That building was completed this year.

Considering the number of jobs created, the increase achieved in the 1984/1985 fiscal year has been satisfactory. More than 2,000 new positions were added, nearly 20 percent more than the jobs recorded at the end of the last fiscal year.

According to the annual report for the previous year, to meet the demand for new businesses and the expansion of existing ones, a lot measuring 202,939 square meters was purchased. The development of the new land will double the existing capacity for industrial facilities, which could represent an increase in direct jobs from the current 12,500 to more than 25,000. Financing of an additional stage to add approximately 54,000 square meters to the current facilities will total an estimated 10 million pesos: 8 million to cover the cost of 29 buildings and 2.5 million for the cost of infrastructure (streets, curbs, electrical and sanitary installations, water supply, etc.).

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DOMINICAN REPUBLIC

ELECTRICITY PRODUCTION HALVED WHILE PLANTS UNDERGO REPAIRS

Santo Domingo LISTIN DIARIO in Spanish 31 Dec 85 pp 1, 12

[Text] The Dominican Electricity Corporation (CDE) has most of its units out of service at this time, including Units 8, 7 and 5 of the Santo Domingo Thermoelectric Plant.

Marcelo Jorge, CDE administrator, reported that for the first time in the history of the enterprise all the plants that are out of service are undergoing repairs and major renovation.

Jorge also accused Juan Heredia, secretary general of SITRACODE, of using the framework of collective bargaining negotiations to "unleash a smear campaign against the administration of the corporation."

Jorge explained that the plants that are out of commission are all in the process of being repaired and overhauled. He cited the example of the Itabo I Plant, which the CDE publicly announced would undergo repairs to replace the parts in the preheater, which was seriously damaged. The operation will take about 45 days.

The general administrator added that the Haina V Unit and the other thermoelectric units of the Rio Haina Plant are being completely renovated under contract with the General Electric-IEMCA Consortium, with financial support from the Agency for International Development (AID) and the Dominican Trade Bank.

He also indicated that the Santo Domingo Thermoelectric Plant, particularly Units 8, 7 and 5, is being completely overhauled under contract with the Ansaldo-IEMCA Consortium.

In addition, the turbogas plants in San Pedro de Macoris and Barahona are being overhauled by Westinghouse, with the economic cooperation of the AID.

Thus, for the first time in the recent history of the Dominican Electricity Corporation, all the plants that are out of service are undergoing repairs and major renovation.

Furthermore, Jorge appealed to CDE employees to stop and think so that they will not repeat what happened recently in Santiago, when more than 200 employees were bullied into invading the San Luis Fort in an unprecedented action that jeopardized the lives of those employees.

In addition, he reported that the power outage that took place in the Northern Zone on 23 December of this year was the result of sabotage. Someone had made a chain of barbed wire tied to a rum bottle, and managed to damage the 69,000-volt line that supplies the cities of Santiago, La Vega, Bonao, Nagua, Moca, San Francisco and the entire north coast to Rio San Juan.

He also mentioned the fact that the CDE has reports of statements by SITRACODE leaders urging the enterprise's workers not to read meters, to respond slowly in repairing damages to the plants, and to undercharge customers.

Last night it was learned at the CDE that the Haina 4 and 5, Itabo I, Barahona, San Pedro de Macoris, and Santo Domingo 10 Plants are out of commission. Current power generation totals 321,000 kilowatts, which represents about half of normal consumption (578,000 kilowatts).

It is estimated that it will take about 45 days more to repair these plants and put them back in service.

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DOMINICAN REPUBLIC

YEAR IN JUDICIARY BRANCH SUMMARIZED

Santo Domingo LISTIN DIARIO in Spanish 31 Dec 85 p 4

[Article by Manuel Volquez]

[Text] The paralyzation of the courts for 3 months, the open battle between the Bar Association and the government, and the accusation of corruption in the national judiciary, occupied the front pages of the nation's newspapers during the year that is now drawing to a close.

The judges' movement began with partial work stoppages in the judicial districts of La Vega, Sanchez Ramirez, Monsenor Nouel, and Espaillat on 3 and 4 June 1985.

On that occasion, the magistrates followed the instructions of the executive board of the Bar Association to the effect that they should fight for the effectiveness of the judiciary, for a pay raise, and for adherence to the Constitution.

One of the main problems cited by the judges in their statement of principles was the deterioration of working conditions for magistrates and the central government's abandonment of the judicial area. They also advocated the proper administration of justice as an unquestionable guarantee of the practice of democracy and the republican system.

The Bar Association, through its president, Dr Fernando Hernandez Diaz, defended at all times the idea that "under the present circumstances the judiciary is incapable of responding to the Dominican people with the responsibility, dignity and competence demanded of it, because of the total lack of human and material resources."

The mobilizations, paralyzations and marches that preceded the judges' strike were based on the recommendations and resolutions of the First National Magistrates' Congress. At that time the Bar Association was given a free rein to lead the battle.

The cancellation of hearings throughout the country was one of the measures that gave the judges the most clout in demanding a raise.

One of the first marches by judges and attorneys began in January, and was joined by professionals from four judicial departments in the interior. Wearing their judicial robes and caps, they paraded through the streets shouting that the demands they were presenting to public opinion must be met.

They took every opportunity to deliver documents to the legislators of the different political parties representing districts in the interior. In these documents, they expressed their position on the conflict and demanded that the resolutions agreed to at the aforementioned event be implemented.

On 10 June 1985, the judges of seven judicial departments in the interior halted all work in the areas of San Francisco de Macoris, Montecristi, Salcedo, Maria Trinidad Sanchez, Samana, Santiago Rodriguez and Dajabon, "due to the lack of conditions for administering justice."

Prior to all this, the local chapter of the Bar Association called upon all judges in the nation to initiate an incremental program of protests, partial stoppages and mobilizations in order to lay the groundwork for a subsequent general strike in the judiciary.

Solidarity

On 25 January 1985, the president of the Bar Association, Dr Fernando Hernandez Diaz, announced the general mobilization of all the country's judicial departments at a solidarity event attended by magistrates and representatives of the justice ministry.

In the middle of these movements, the Bar Association board of directors carried out a number of activities designed to gain solidarity in the different sectors, especially among professional attorneys.

They also contacted congressional and political leaders, including the president of the Senate, Noel Subervi Espinosa, and the president of the Chamber of Deputies, Hugo Tolentino Dipp. They also talked to former Presidents Joaquin Balaguer, Juan Bosch and Jacobo Majluta, and government officials.

These contacts were practically useless, however, because the movement followed its course until it achieved the desired ends.

Corruption

The judges' campaign took place amid accusations of corruption in the judiciary.

These accusations came from both the Bar Association and the attorney general of the republic; the latter brought up the so-called "habeas corpus festival."

The president of the Bar Association stated at that time (and still maintains that position) that "the cases of corruption alleged in this country, just like cases of stealing from the public coffers, have gone completely unpunished in the past 25 years."

Desertion

Many judges could not withstand the struggle, and a few days after the movement began they deserted, amid harsh criticism from their colleagues.

On the other hand, the principal judicial authorities, Dr Americo Espinal Hued and Supreme Court Chief Justice Manuel Berges Chupani, constantly criticized the attitude of the striking judges and called upon them to reconsider.

Espinal Hued stated that it was up to the National Congress to determine the source of the funds needed to raise the judges' pay. That opinion was excoriated by the Bar Association on various occasions.

Criticism

Sharp criticism rained down on the chief justice of the Supreme Court for his position during the conflict.

Dr Berges Chupani came out against the strike, "because the paralyzation of the courts had a severe impact on the country."

Congress

Another preliminary step before the strike was a march on the National Congress, led by the principal leaders of the Bar Association.

Another march was held from the Bar Association headquarters to the Altar of the Fatherland, where several wreaths were laid in memory of the Fathers of the Country.

Conflict Ends

The 3-month strike ended when President Salvador Jorge Blanco unexpectedly announced on radio and television that the judges' salary would be raised. He also gave the Supreme Court full powers to manage the funds of the judiciary.

Jorge Blanco also ordered a pay raise for public sector employees (both measures were by decree), but only through this month.

This conflict came to an end in an atmosphere characterized by measures to withhold salaries; verbal confrontations among judicial officials, government officials and leaders of the Bar Association; and harsh criticism of those who opposed the movement.

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DOMINICAN REPUBLIC

LITERACY CAMPAIGN REACHES 100,000 ADULTS

Santo Domingo LISTIN DIARIO in Spanish 3 Jan 86 p 14A

[Article by Tulio Navarrete]

[Text] The Secretariat of Education reported yesterday that nearly 100,000 Dominican adults have learned to read since the Special Program for Citizen Education was founded in September 1982.

In a document issued yesterday, the secretariat claims that most of these Dominicans are "receiving the benefits of a post-literacy program aimed at incorporating them into the institutional and productive life of the country."

The high number of people who have learned to read under the program were among a total of 205,909 illiterates recorded in a census.

The quantitative achievements of the program also include, according to the document, the conclusion of 16 agreements with public and private institutions, under which thousands of Dominicans have learned to read and write.

The document stresses the incorporation into the program of 76 socially organized sectors, whose efforts have "significantly strengthened the government's resolve to eradicate the high level of illiteracy that exists in the country."

Dozens of volunteers were needed to accomplish these results. Most of them are young people who are "concerned about the cultural deprivation suffered by broad sectors of the population."

The list includes multiplier agents who were taught by program experts in 372 training courses on the methodology of teaching adults to read.

The Secretariat of Education considers that the nearly 100,000 illiterates in 18 provinces have assimilated the elements of basic education. A total of 54,278 illiterates registered at the literacy units set up in the areas where the project has been carried out.

All together, according to the document, 23,331 basic education units have been established by the program throughout the nation, and many of them are now engaged in follow-up activities, receiving the benefits of the post-literacy program. This program includes the Popular School Radio broadcasts that are transmitted by one radio network.

In addition, the document lists the institutions participating in the program. The most noteworthy of them are the following:

The Autonomous University of Santo Domingo (UASD), the Central University of the East (UCE), the Technological University of Santiago (UTESA), the Technological Institute of Santo Domingo (INTEC), the Dominican University College of Professional Studies (UCDEP), the Dominican World University (UMD), and the Technological University of the South (UTESUR).

Other institutions that "will soon participate vigorously in the government's effort" are the members of the Dominican Corporation of State Enterprises (CORDE), the State Sugar Council (CEA), the National Lottery, the private colleges, the Community Development Office (ODC), the Institute of Development and Cooperative Credit (IDECOOP), and the Dominican Center for Export Development (CEDOPEX).

The Armed Forces and the National Police will also participate, as will the National Center of Agricultural Producers (CENPA), the Evangelical Churches, the National Confederation of Dominican Peasant Boards (CONACAD), Tavarez Industrial, Cortes Hermanos, the cultural clubs, the teachers' colleges, and the Society of Parents and Friends of Schools, among other public and private institutions throughout the country.

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FEBRES CORDERO ON ECONOMY, OTHER ISSUES

Guayaquil EL UNIVERSO in Spanish 29 Dec 85 p 5

[Text] Ecuadorean President Leon Febres-Cordero asserted that 1985 "was a good year for the country," and expressed satisfaction with the work his government did during that period.

The leader came to Guayaquil on Friday, just as he did during the Christmas holidays, to spend the New Year holiday with his family at his usual residence.

Febres-Cordero, in office since August 1984, stated upon arriving at the Guayaquil airport that 1985 was "the year when the government's position was solidified," because he was able to exercise power quite well in spite of the "gypsy curses" which predicted that Parliament would govern.

Economic Sphere

In the economic sphere, he reiterated that the recovery is tangible, because "with the exception of an embittered few in Quito and Guayaquil," the last few days were characterized by "peace and tranquility" among Christian people who celebrated Christmas as well as possible within their means.

"A clear economic recovery" is taking place, and the renegotiation of the foreign debt "lends the country much tranquility and prestige," he emphasized.

The refinancing of the foreign debt was signed last 20 December in New York with some 300 international banks, involving a total of about $5.2 billion.

Branches of Government Hold Ground

Febres-Cordero stated that in the political sphere, a decent "modus vivendi" was achieved, without the legislature or the executive losing ground to each other. Congress is fulfilling its role, he said, by passing many laws for the benefit of Ecuadoreans.

He observed that the current Parliament is very different from the forgotten progressive Parliament (Opposition) that was led "by a few jerks who tried to destroy the democratic system."

Social Peace

He noted that social peace prevails in Ecuador, with the initiation of several programs of vital importance to the people, including free and universal medical care, and hospital construction. All of this represents a "good year" for the country in this field, he said, and expressed the hope that next year will be even better.

He stated that he was waiting for the legislative committees of the National Congress to reconvene so that he could send them a constitutional reform bill for their study and approval.

Economic Growth

The Ecuadorean economy grew by 3.2 percent in 1985, according to provisional estimates for the year. The objectives set forth by the government have been achieved, "many of them actually exceeded," said Central Bank Manager Carlos Julio Emanuel in Quito.

Emanuel pointed out that this percentage is a revision of the 2.7 percent figure advanced last 3 December by the National Development Council (CONADE), and that it is higher than the "exploratory" estimates of 2.5 percent that were cited at the beginning of the year.

Listing the economic accomplishments of 1985, Emanuel added that the surplus in the balance of trade amounted to $1,076,600,000 between January and October, 11.9 percent higher than that of the same period in 1984. During the same period, non-petroleum exports surged upward by 22.4 percent, from $622.4 million to $761.9 million.

Similarly, he reported that in the past year, external sales of cacao products grew by 112.8 percent, those of tuna and other fish by 89.7 percent, those of sea products by 41.8 percent, and those of bananas by 37 percent.

The international monetary reserves swelled from $118 million in July 1984 to $170 million in December of the same year, and $177.1 million at the end of this year, even though back payments had to be made, he added.

Inflation came down significantly, and will be less than 23 percent by the end of the year. The jobless rate, meanwhile, fell from 13 percent in 1983 to 10 percent in 1985, which reveals that the government's social policy has yielded effective results, added Emanuel.

In addition, he noted that the change in interest rates by monetary authorities was intended to provide incentives for domestic savings, and that this measure attracted 32 billion sucres ($331.6 million) to the accumulation vouchers market.

He went on to say that fiscal policy has been turned around entirely, with public spending now under control and revenues boosted without raising taxes.

Finally, Emanuel contended that subsidies and political prices have been abandoned, and that "public finances have been managed with realism."

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ECUADOR

SALARY INCREASE TO BE FINANCED WITH TAX INCREASE

Guayaquil EL UNIVERSO in Spanish 31 Dec 85 p 5

[Text] Raising the tax on commercial transactions (from 6 percent to 10 percent) will help finance the 17-billion-sucre pay raise that will take effect tomorrow, Wednesday, reported Finance Minister Francisco Swett.

The minister implied that the general state budget will total 237.5 billion sucres this year when he noted that the basic budget is 213 billion, the wage increase is 17 billion, and the Ceiling Plan 7.5 billion sucres.

He stated that in 1985 a budget surplus was achieved even though the initial budget of 145 billion sucres was expanded as a consolidated budget to 195 billion sucres.

Revenues

He noted that this was made possible by the efficient management of public finances. Increased revenues were obtained without the need to resort to printing currency, which in the past unleashed inflation and raised prices.

He explained that fiscal revenues rose from 20.5 billion sucres in 1983 to 30.54 billion in 1984 and 45.209 billion in 1985. "Between 1984 and 1985, revenues jumped 48 percent," he stressed.

Income Tax

Comparing income tax revenues, he explained that they totaled 7.147 billion sucres in 1983, 9.842 billion in 1984, and 14.473 billion in 1985, with a 47-percent increment between 1984 and 1985.

Commercial Transactions

Collections from the tax on commercial transactions rose from 6.733 billion sucres in 1983 to 10.347 billion in 1984 and 16.654 billion in 1985.

"The management of finances was based on increasing tax collections," he stated, discounting criticism from the opposition that public spending had grown disproportionately. "What really matters is that public spending be

adequately financed," he added, emphasizing the contrast with financing by printing bills in the Central Bank, which fueled inflation.

Higher Tax

Swett justified the hike in the commercial transactions tax by citing the need to finance the pay raise in the public sector without a burdensome debt. "Moreover, the only thing we are doing is returning that tax to the level it was at before demagogic measures brought it down too low," he said.

Real Recovery

Stressing that this financing is non-inflationary, the minister stated that this policy will guarantee the worker a "real" recovery of his buying power by raising his wage and cutting inflation at the same time. This contrasts with what was done before, when pay raises were immediately devoured by higher prices.

In addition, he observed that this tax is lower than its counterparts (known as the value-added tax or IVA) in other countries: 17 percent in Colombia, 20 percent in Chile, and 24 percent in Argentina.

"Unfortunately, everything has its cost, and the pay hike also has a cost," he said.

Compensation for Drop in Oil Prices

The expansion of petroleum production and the downward trend in international interest rates will help compensate for the decline in oil prices, said Finance Minister Francisco Swett.

Shrugging off alarmist reactions to the drop in price, the minister said that for budgetary purposes, a price of US $25 per barrel had been estimated, assuming a production yield of 280,000 barrels per day.

"At this time, however, we are already producing 300,000 barrels per day," he indicated, "which means that there will be an increase in revenues of 8 percent over the budget projections."

In addition, the income tax and the tax on commercial transactions will yield 25 to 27 percent more revenues.

Interest Rates

The minister also noted the compensatory impact of declining international interest rates on the state budget. "If the budget loses 3 billion sucres for every dollar the oil price drops, it gains 2.5 billion sucres for every point the interest rate falls," explained the minister.

In this context, Swett took a philosophical attitude in discussing the impact of the decline in oil prices.

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STABILIZATION PROGRAM LEADS TO ECONOMIC GROWTH

Guayaquil EL UNIVERSO in Spanish 2 Jan 86 p 2

[Article by Manuel Maldonado]

[Text] The Ecuadorean economy attained a growth rate of 3 percent this year, despite the adverse conditions that prevail in the world.

Ecuador was one of the few countries to achieve significant growth in exports, turn around the inflationary trend, and step up gross domestic production. All of this was accomplished thanks to a program of stabilization that was praised personally in Guayaquil and Quito by the president of the World Bank, Alden Clausen.

The increase in exports, which in the first 9 months of this year were 6 percent higher than in the same period of 1984, was achieved by Ecuador amid contradictory international circumstances as exports from developing countries fell dramatically in the first half of 1985. Total exports from these countries amounted to US $237.4 billion, 8.9 percent lower than the figure recorded in the first half of 1984. Although overall export figures are not available from the American countries for the first 6 months of the year, six countries have supplied complete data. Five of them showed declines in exports: Brazil (7.4 percent), Chile (4.5 percent), Bahamas (36.7 percent), Jamaica (28.6 percent) and Peru (4.1 percent).

The International Monetary Fund (IMF) reported that only Ecuador announced an increase in the first 6 months, one of 4.8 percent. Over the first three quarters of this year, Ecuadorean exports rose by 6 percent, despite the international weakness of the price of petroleum, its principal export. This decline was offset by an increase in the volume of production, which is now pushing 300,000 barrels, as well as a notable upsurge in non-petroleum exports. Between January and September, the latter moved up 26 percent.

Surplus

The good performance in the external sector created a surplus of $965.4 million in the first 9 months of the year, 16.1 percent higher than that obtained in the same period of 1984. The balance of trade surplus was more than enough to meet interest payments to service the foreign debt, and by the

end of the year the current account deficit in the balance of payments was eliminated.

According to forecasts by the National Development Council, the current account deficit in the balance of payments will decline from $226 million to $119 million this year, the equivalent of a net recovery of $107 million.

GDP

As indicated earlier, the gross domestic product this year will grow by nearly 3 percent. In this regard, at the end of the year a controversy arose between the government and the opposition regarding the economic growth rate. The opposition interpreted the increment of nearly 3 percent as an economic "deceleration." Former President Osvaldo Hurtado described it that way when he compared this growth rate with the 4.1 percent recorded in 1984. The government noted that there is a fundamental difference. In the first place, the 1984 increase followed a decline of 3.1 percent in the 1983 economy. The vice-president of the republic used the metaphor of a staircase to explain the phenomenon. It is as if in 1983 the economy had gone down three steps, and then gone up four in 1984. The net growth was just "one step," he said.

Regardless, the GDP growth in 1985 was obtained through efforts to conquer inflation and counteract the recessive trends in the worldwide economy.

Stabilization

To encourage healthy and anti-inflationary growth, the government in September 1984 adopted a stablization program that entailed the correction of serious structural imbalances.

The program included a balanced adjustment of the different areas of the budget, exchange rates and interest rates, the progressive elimination of subsidies, and the deregulation of previously controlled production prices.

Exchange Rates

One of the main distortions to which the country became accustomed was the maintenance of a fixed exchange rate for 12 years, or what amounts to the same, keeping the dollar artifically cheap as inflation eroded the foundations of the national economy. The country lost its international competitiveness and committed the serious mistake of going heavily into debt and importing as if there were no tomorrow, encouraged by a cheap and unrealistic exchange rate.

The stabilization program, which had already been begun by former President Osvaldo Hurtado under pressure from the International Monetary Fund, made substantial changes in the exchange rate beginning in September 1984. The new government eliminated the system of daily minidevaluations, simplified the multiple exchange rate system, and left a fixed parity for the official markets and those "free of intervention" by the Central Bank. On the first market, exchange rates were set at 56.50 sucres for purchases and 67.85 sucres

for sales; and on the nonintervention market, they were 95.00 sucres for purchases and 96.50 sucres for sales.

The exchange adjustment led to a speculative spree on the street market due to initial misunderstanding of the measures and the resultant devaluation expectations, despite the painstaking efforts by monetary authorities to deny rumors of new downslides in the exchange rate. Actually, the exchange rate is now stable at 96.50 sucres on the nonintervention market, but an implied devaluation continued to take place because monetary authorities gradually eliminated the 67.85-sucre rate for most imports. This was consistent with the policy of gradually eliminating the multiple exchange rate system. On 28 August the Monetary Board eliminated nearly all categories for which the Central Bank provided foreign exchange at a rate of 67.85 sucres. On 12 November, the same Monetary Board issued Regulation 303-85, whereby the "official" parity of 67.85 sucres was eliminated and the unified exchange rate of 95.00 sucres for purchases and 96.50 sucres for sales was implemented. This culminated the long history of multiple exchange rates which had prevented the country from efficiently allocating resources and had caused serious distortions in the import and export of goods and services.

96.50 Rate

According to Regulation 303-85, the Central Bank must sell at the so-called "official rate and intervention rate (96.50 sucres)" the necessary foreign exchange for the following items:

a. Payment of the FOB value and the freight costs, maker costs and import commissions for merchandise allowed to enter the country.

b. Payment of interest, except late charges, for collections recorded for imports up to the equivalent of the prevailing London interbankoffered rate (LIBOR) or prime rate on the date of the bill of lading.

c. Servicing the public and private foreign debt for principal, interest and other costs.

d. Servicing the repatriation of capital and remittance of profits generated by direct investments that would have been registered with the Central Bank of Ecuador and whose foreign exchange has been sold to the Central Bank.

e. Payments to cover the services abroad that are essential to the public sector.

f. Payments for university students and the handicapped to study abroad.

g. Payments of royalties for patents, brand names and the transfer of technology.

h. Payments for documentaries, films and news services for the press, radio and television.

i. Expenses of travelers abroad, in accordance with the regulations issued for this purpose by the Central Bank of Ecuador.

Street Market

Expectations for new modifications in the exchange rate in the coming year, the seasonal demand for foreign exchange in December, and a margin of liquidity that could come from the banking sector, drove the street dollar to an unprecedented rate of 128.50 sucres for sales in the first 2 weeks of December. The spread between the Central Bank exchange rate and that of the parallel market on the street is a potential source of dislocations or illegal practices, such as the underreporting of exports or the overreporting of imports, although the rigid control exerted by the SGS on foreign trade reduces this possibility.

Interest Rates

The stabilization program included a new interest rate policy designed to mobilize domestic resources. Along with a realistic exchange policy, the more realistic interest rates discourage the flight of capital and promote an efficient allocation of scarce resources in a developing economy. Obviously, a realistic interest rate policy would be useless and even counterproductive if at the same time serious efforts were not made to contain and extinguish the flames of inflation.

In December 1984, the Monetary Board modified active and passive interest rates by means of Regulation 214-84, which set the following interest rates:

	Then	Now
--Legal interest rate and maximum conventional interest rate	21%	23%
Passive Transactions		
--Ordinary savings passbooks	18%	20%
--Long-term deposits, ordinary accumulation vouchers	18-21%	22%
--Mortgage bonds, collateral bonds, general and specific guarantee bonds, mortgage deeds and other deeds, public securities and similar private ones	up to 21%	23%
Active Transactions		
--Commercial loans from the Development Bank; from financial funds, from the export promotion fund; with the issuance of development bonds, stabilization bonds and preferential bonds with external resources	up to 16%	18%
--General transactions	up to 21%	21%

Special Accumulation Vouchers

For the first time in the country's history, the current government instituted a system of floating interest rates, and as a result the cost of money tends to respond to the realities of the market. For this purpose, it exempted accumulation vouchers that meet the following requirements from the interest rate ceiling that governs passive transactions:

Minimum amount: 1,000,000.00 sucres
Minimum term: 90 days

Also exempted from the interest rate ceiling for passive transactions were the financial certificates issued by finance companies, for a minimum amount of 1 million sucres and a minimum term of 270 days.

Similarly, monetary authorities exempted from the interest rate ceiling established for active transactions the loans granted by banks and finance companies with resources obtained from accumulation vouchers and financial certificates, allowing the banks and finance companies to contract the interest rate they charge their customers.

Abundant Resources

This mechanism enabled the banks alone to obtain 29.285 billion sucres in funds as of 30 September. The banking system as a whole, however, is having problems lending all that money on terms that yield enough to help it in turn pay the passive rates it owes its customers.

As of 30 September there was a gap of about 7 billion sucres that the banks had been unable to lend out.

Banking officials have suggested in recent days that the issuance of these vouchers therefore be regulated, with a ceiling imposed as a function of the banks' capital and reserves.

The fact remains, however, that in a short time the mechanism of floating interest rates has managed to mobilize abundant resources that were languishing on the money market, or were used for unproductive or merely speculative purposes.

As the inflation rate comes down, interest rates have had a tendency to decline as well. In some cases, the 3-month floating rate has fallen below the maximum conventional interest rate.

The large volume of funds obtained has prompted spokesmen for the banking sector to urge controls to guarantee the security of these resources, whether by imposing a reserve requirement or placing a lid on them as a function of banks' capital and reserves.

Budget

The structural reforms implemented with regard to exchange rates and interest rates have been complemented by a coherent monetary and fiscal policy. For this purpose, proper budgetary management has been a fundamental tool. This year the government managed not only to reduce the deficit but actually to obtain a budget surplus. According to the vice-president of the republic, who is also president of the National Council for Development (CONADE), for the first time revenues grew faster than outlays in the budget. The former rose by 69 percent, and the latter just 45 percent.

The elimination of the deficit is a factor in monetary stability and controlling inflation. When governments incur huge deficits, they absorb the scarce resources that are available, or opt for printing money to defray their expenses. The social cost is inflation. Putting the fiscal house in order makes it possible to pursue a prudent monetary policy, using the credit of the Central Bank in a wisely selective way to finance the productive apparatus.

Prices

Another fundamental pillar of the adjustment has been the progressive liberalization of controlled prices. This policy has yielded significant results in the agriculture and livestock sector, whose expanding supply has counteracted the inflationary trends despite the drought the country has suffered since the beginning of the year. The pricing policy has been aimed at promoting the supply of goods and services. Prices initially took off after having been subject to controls for so long, but as the productive sectors respond to the price stimulus, the inflation rate tends to decline. According to the Institute for Economic and Political Research of the State University of Guayaquil, the rise in prices was just over 1 percent in November, compared to 6 percent in January.

Stabilization

The stabilization program is designed to lay the groundwork for lasting growth in the medium and long terms. In the short term, prices have exploded in certain instances, such as when the gasoline subsidy was cut. But if Ecuador had continued to pursue unrealistic economic policies, trying to maintain levels of consumption beyond the country's means, sooner or later we would have had to suffer the consequences.

The program has allowed for acceptable GDP growth without exaggerated inflationary pressure.

Agricultural export production will rise by 10 percent this year, while domestic consumption will climb 2.4 percent.

The supply of jobs expanded by 2.7 percent, the petroleum sector 3.6 percent, and manufacturing 1.4 percent.

It is hoped that inflation will decline to 22 percent this year, compared to 31 percent in 1984.

International Outlook

The country's growth was achieved in the midst of a depressed and recessive international environment. As was stated earlier, among American countries only Ecuador reported an uptick in exports in the first 6 months of the year. The other nations, including major exporters like Brazil, suffered a severe contraction, which even threatens their debt payment capacity.

Continuing their gradual but uninterrupted descent, the dollar prices of basic products (excluding petroleum) dropped by 1.4 percent in September 1985, according to the data published in the November issue of "International Financial Statistics." The September decline, the 13th in 16 months, placed average prices for the third quarter of 1985 at a level 12.2 percent lower than that of the third quarter of 1984, and 2 percent under the low level recorded in the final quarter of 1982.

According to a report by the International Monetary Fund, in the first 6 months the rate of economic recovery in the industrialized countries as a whole slowed down more than expected, and unemployment has remained high in both developed and developing countries.

At the annual assembly of the IMF and the World Bank in October, it was reiterated that economic and financial conditions in many developing countries are still characterized by a low or negative growth rate, declining per capita income, rising unemployment, a decline in investment, unfavorable terms of trade, limited liquidity, a new and pronounced drop in the prices of basic products in 1985, the deterioration of export earnings, a sharp contraction of imports, a shortage of external financing, and a heavy debt service load. These problems, along with the slowdown of economic growth in 1985, the distortions in the current account balance and the intensification of protectionism in the industrialized countries, and a high level of unemployment in Europe, indicate that the current situation remains unstable and intolerable.

Therefore, now it is more important than ever for Ecuador to continue pursuing a policy of appropriate adjustment, including realistic prices and exchange rates, a prudent foreign trade policy, the implementation of a policy on interest rates and other measures designed to promote domestic savings, and the maintenance or restoration of price stability.

8926
CSO: 3348/363

BRIEFS

OIL EXPLORATION IN MANABI--The Ministry of Energy and Mines reported that with the signing of the contract with the Texaco-Pecten consortium for exploration and drilling in Block 6 of the province of Manabi, Ecuador will launch its search for hydrocarbon reserves inland, 60 years after oil and gas development began in the fields on the Santa Elena Peninsula. Officials indicated that the contract with the aforementioned consortium calls for a minimum investment of $25 million over a 4-year exploratory phase, including technical costs, equipment for drilling three exploratory wells, seismic surveys of 1,200 kilometers, geological and geophysical studies, the construction of highways and camps, the training of Ecuadorean personnel, and administrative costs. They added that $21.28 million will be spent on drilling activities, including $8.28 million for the purchase of equipment and seismic surveys of 1,200 kilometers. Of that total area, about 800 kilometers corresponds to exploration and semidetail, and the remaining 400 kilometers corresponds to a prospecting program. They indicated that the consortium has also agreed to drill three exploratory wells, for an investment of $8.5 million. Tentative plans call for drilling down to 11,000, 8,600 and 4,000 feet in order to evaluate the hydrocarbon potential of the perspective sections in the different areas of the block. In addition, they reported, the contract includes a program for technical training of Ecuadorean personnel under a plan that will cost a total of $900,000, with annual investments of $225,000. [Text] [Guayaquil EL UNIVERSO in Spanish 24 Dec 85 p 1] 8926

EXPORTS DIVERSIFICATION PROGRAM--Minister of Industries, Trade and Integration Xavier Neira announced yesterday that the government intends to "depetroleumize" the economy through a dynamic export diversification program. "Ecuador should not just be a major purchaser; it should also be a major seller," stated Neira. His observations were made during the swearing-in ceremony for the new undersecretary for coastal industries, Pedro Cevallos Navarro. Yesterday he replaced Dr Roberto Hanze, who resigned. The minister announced that as of 1 January, a new export plan will take effect. The plan is designed to promote and diversify external sales, which he identified as a "vital sector" of the national economy. Neira mentioned Ecuador's "exaggerated dependence" on oil, which accounts for 68 to 70 percent of total exports. "This is of deep concern to the government," said the minister, "because it is dangerous to depend on a single product for the country's survival." He pointed out that in the effort to "depetroleumize" the economy, a major increase (26 percent) in non-petroleum sales was achieved in 1985.

"But we are not satisfied," he emphasized. "We want to go beyond that, including new products on the list of national exports." Neira referred to the mechanisms the government is employing to provide incentives to exports, and mentioned among them the policy of setting a realistic exchange rate, the elimination of obstacles posed by bureaucratic red tape, and the imminent establishment of a free zone. "But most important of all is the need to change people's mentality in Ecuador, so that we can stop being a 'major purchasing country' and become a 'major selling country.' Upon taking office, the new undersecretary agreed to cooperate vigorously with the ministry to make these aspirations a reality. [Text] [Guayaquil EL UNIVERSO in Spanish 24 Dec 85 p 1] 8926

ORIGINAL CABINET REMAINS UNCHANGED--The highest officials in the government will celebrate the end of this year by making note of the remarkable stability that has characterized the cabinet, with just one exception, since 10 August 1984. President Leon Febres-Cordero has thus far refrained from making changes among his principal aides. Former Labor Minister Francisco Diaz Garaycoa left the cabinet on his own, not because the president ordered him to. This stability appears to be attributable to Febres-Cordero's assertion that frequent changes among ministers and high-ranking officials lead to constant improvising in the performance of the state's important functions. Originally, Dr Francisco Diaz Garaycoa served as minister of labor and Dr Jorge Egas Pena as minister of social welfare. When Dr Diaz stepped down, Dr Egas went to the labor post and Ernesto Velasquez was named minister of social welfare. Within this context, the cabinet that took office in 1984 reached the end of 1985 with the following people holding portfolios: Minister of Government Luis Robles Plaza, Foreign Minister Edgar Teran Teran, National Defense Minister Luis Pineiros Rivera, Minister of Finance and Public Credit Francisco Swett Morales, Minister of Energy and Mines Javier Espinoza Teran, Minister of Agriculture and Livestock Marcel Laniado de Wind, Public Works Minister Alfredo Burneo Burneo, Labor Minister Jorge Egas Pena, Social Welfare Minister Ernesto Velasquez Baquerizo, Public Health Minister Virgilio Macias Murillo, Minister of Industries, Trade and Integration Xavier Neira Menendez, and Secretary General of the Administration Joffre Torbay Dassum. [Text] [Guayaquil EL UNIVERSO in Spanish 30 Dec 85 p 1] 8926

CSO: 3348/362

UNITED FORCE OBJECTS TO CHARACTERIZATION OF CANA

Bridgetown SUNDAY ADVOCATE in English 12 Jan 86 p 2

[Text] The United Force Party has taken strong objection to a statement by CANA carried on Page 17 of the Barbados Advocate published on January 3, 1986 special feature "1985 Year Review, Guyana Rocks on the Brink."

The statement ". . . The right-wing UF was the only Opposition group which did not question the results" referring to the results of the recent general elections in Guyana.

The UFP said that if the CANA representative in Georgetown were keeping proper records, "they would have known that on December 9, 10.15 p.m. the United Force was on the Guyana National Radio programme Election Watch. At this time, the United Force representative supported the claims of fraud and rigging made by the five other opposition parties. He called the election one which was "fear" and called on the Guyana President to hold free and fair elections within the next six months."

The Party also noted: "The United Force is no more right wing than the Barbados Labour Party, The Jamaica Labour Party, The Dominica Freedom Party, The New National Party of Grenada or the United Workers Party of St. Lucia. We are a party which believes in freedom, democracy and a socially-just market economy."

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CSO: 3298/295

NICARAGUA

FRG CITY TO PROVIDE DEVELOPMENT AID TO CONDEGA

Munich SUEDDEUTSCHE ZEITUNG in German 29 Nov 85 p 26

[Article by Dieter Baur: "Shoe Factory as Development Aid: Augsburg Wants to Commit Itself to Condega in Nicaragua"]

[Text] Augsburg--Augsburg would like to join the ranks of cities offering support to Nicaragua on its way towards a new order. The city council has now commissioned the administration to do preliminary work on a development project in the city of Condega. The "Association for Augsburg-Condega Nicaragua Partership," which wants to set up a shoe factory there involving approximately 150 jobs, will probably be supported in its efforts by the city. An official city partnership is not intended, Mayor Hans Breuer explained to the press. He said that he expected more of a municipal committment in a concrete project than a partnership within the framework of which dignitaries would travel to and fro.

Nicaraguan ambassador Herberto Incer drew the Augsburgers' attention to the city of Condega after they showed a desire--following a proposal by the SPD caucus of the city council seeking an opportunity to provide "tangible development aid"--to become involved as effectively as possible. The community's shoe factory, which is to provide a living for 150 Nicaraguans was exactly what they were looking for, especially since the plan appears to be financially feasible. According to estimates by the Nicaraguan embassy, support amounting to approximately DM 90,000 is necessary. Everything must be procured, from shoe nippers to hand saws. The development of a company with an initial staff of 150 is to take place under the guidance of 22 journeymen with the relevant professional experience. The company should grow to 300 jobs within 5 years. The surpluses expected after the start-up phase are to be used to develop the municipal service industries, in the construction of schools, hospitals and sports facilities.

Support for Nicaragua was just as controversial in the Augsburg city council as it has been in other cities, in Nuremberg for example. In the opinion of the CSU, Augsburg is getting involved in an "adventure in development policy." It is allegedly the responsibility of private organizations to help Nicaragua. CSU caucus chairman Bernd Kraenzle wanted to know why it had to be Nicaragua when the city was not involved in other countries. SPD city council member Elfriede Syriste countered this argument, saying, "Revolutionaries and

children are hungry too." And Mayor Breuer said that apparently the Christianity in the CSU's party name ends when it is a question of compassion in Nicaragua. Eventually the project was approved with the SPD, the Greens and part of the Christian Social Middle (CSM) in favor and the CSU and part of the CSM against.

12271
CSO: 3620/205

NICARAGUA

REGIONAL HEALTH DIRECTOR SUMMARIZES 1985 ACTIVITIES

Managua LA PRENSA in Spanish 21 Dec 85 pp 1, 8

[Text] The achievements, progress and problems in the health sector in 1985 were discussed at a press conference by the director of the Health Ministry in Managua, Dr Fulgencio Baez.

He stated that the region which is his responsibility has a population of 900,000, and to meet its needs there are nine hospitals and two polyclinics.

He added that 2 million medical visits were handled at the hospitals in 1985, which is about the same as the 1984 figure.

Of all these cases, 304,000 were emergency visits to the hospitals, 30,000 more than last year.

The regional director stated that there was more demand for emergency services for a variety of reasons: 1) The population's demand for health care was not met, and 2) attention to people with emergencies is given more quickly than in other systems.

With regard to dental visits, he indicated that 120,000 patients were treated, down 40,000 from 1984.

"This was due to the fact that water cutoffs hampered this service, and that the dental equipment was in poor condition throughout the year. There were also problems with meeting work schedules and organizational difficulties," he added.

Baez also indicated that 1.5 million lab tests were performed, about the same number as in 1984.

Laboratories have lost personnel, and staffs were smaller than in 1984. Work in this sector is closely related to the availability of foreign currency to purchase equipment and reagents for the lab tests.

The hospitals recorded 66,400 releases, including healthy people and deceased patients; the figure was 1,400 higher than the 1984 total, the result of a slight improvement in the utilization of beds.

A total of 23,300 births were handled, exceeding last year's goal. In surgery, 22,893 operations were performed, 83 percent of the goal.

The reason for this shortfall is also the lack of water for the sterilization of clothing and equipment, which had an impact on the number of operations.

At some points the air conditioning, vital in operating rooms, broke down. There was a lack of labor discipline among surgeons, anesthesiologists and nurses, which had a direct effect on this service.

According to Dr Baez, of the 66,400 patients released from the hospitals, 2,400 were dead, a 3.7 percent gross hospital mortality rate. Net mortality is the rate after 48 hours, and totals 2.1 percent.

Compared to international indicators, this is an acceptable figure, stated the regional director of health for Region III.

He listed the causes of death at the national level, indicating that the primary cause of death was accidents and violent deaths, including war casualties and automobile accidents. The principal disease plaguing Nicaragua is war, which causes the highest rate of mortality among civilians and combatants alike; it is followed by accidents.

At the hospital level, most deaths are perinatal (related to childbirth); the second-highest cause is diarrheic illnesses, followed by infectious and bacterial diseases. Fifth place is held by heart and circulation diseases. A large number of patients die outside hospitals.

All perinatal illnesses can be controlled if the mother detects a high-risk pregnancy through examinations.

In Nicaragua, 50 percent of pregnant women are at some risk. Twenty-five percent of pregnancies are in women under the age of 25. Another risk factor is multiple births, and still another is being over 35 years old. A problem at birth can affect the child's entire life.

If adequate precautions are taken, the mother can be vaccinated to prevent prenatal tetanus. All high-risk pregnancies should be treated in hospitals, but this does not happen.

Midwives attend 50 percent of the births in Managua, while the other 50 percent take place in hospitals.

8926
CSO: 3248/155

NICARAGUA

HOUSING, PUBLIC SERVICES IN ESTELI DISCUSSED

Managua BARRICADA in Spanish 24 Dec 85 p 7

[Article by Pablo Emilio Barreto]

[Text] Esteli--The general secretary of the Sandinist Defense Committees (CDS), Guerrilla Commander Leticia Herrera, stated that the CDS in Esteli are in the vanguard in Region I.

At the conclusion of the regional meeting between the CDS and the revolutionary state, she made an appeal for stronger unity between the population and state agencies so that together they can discuss and struggle to implement the agreements forged in the Regional Struggle Plan.

Ramon Gamez, regional CDS secretary and member of the National Assembly, said in his speech that the people's demands are numerous; the 76 urban neighborhoods are calling for street repairs, improved public lighting, transportation, potable water facilities, and better health care.

They are asking the revolutionary state to hold the line against bureaucracy and abuse of the public, for example the mistreatment of hospital patients by health care workers. . .

The regional and local CDS are also calling for Environmental Health to clean up the toxic waste that is coming out of the old slaughterhouse in Esteli.

Ramon Gamez indicated in the regional meeting on Sunday that the majority of agreements and commitments were made in the barrios and zones with representatives of the revolutionary state.

He said that the petitions that did not become agreements at the zone level were brought to the regional meeting "because higher level decisions are needed."

These are just a few examples, and the state, for its part, agreed to form commissions that will meet periodically with the CDS to see which community projects can be done jointly and which ones cannot be resolved.

Transportation the Key

One of the key issues brought up at the meeting was transportation. Donaldo Vanegas, delegate from the Transportation Ministry (MITRANS), stated, for example, that 125 buses are needed in Region I, and there are just 42 units, of which 12 are in bad condition.

This has made the transportation situation critical, particularly in the rural areas. He said that the next batch of buses that MITRANS allocates will be sent to the rural areas.

Vanegas explained that the problem is so serious that if someone comes from Somoto to Managua in the afternoon, he must spend the night in Esteli because there is no longer any means of transportation to the capital.

He added that in Region I there are 4,000 vehicles, which require some 16,000 tires a year. This year, officials could only provide 5,169 tires.

Expropriation of Land

The Housing Ministry (MINVAH) announced through Cesar Caceres that the 1986 budget contains no funds for housing construction, due to the aggression against the country.

He added that on the other hand, MINVAH will continue to expropriate estates to divide them up into lots. He reasoned that it is not fair for a few dozen people to hold many estates, while thousands of people have no place to put their little houses.

He said that work will be done with the CDS to meet real housing needs, and that even the owners of estates can request one, two or more houses if they can prove that they really need the housing.

He explained the MINVAH agrees that the state should join efforts with the organized people to establish materials banks to help solve the problem of housing construction on these estates.

Veronica Quezada, assistant delegate from the Ministry of Domestic Trade, stated that the shortage problems in retail shops have been solved in large measure with financing from the revolutionary state, and that one of the greatest shortages is that of cooking oil. Lard will continue to be used, she noted.

Ramiro Tellez, delegate from the Nicaraguan Energy Institute (INE), reported that the workers of this institution will retain the spirit of past years, "because we used recycled materials to install public lighting, transformers, and 16 kilometers of lines in 1985."

He recalled that the INE in Region I does not have the materials to replace as much as a candle in 1986, but if the workers continue showing the same initiative as in previous years, plus the creativity of the CDS, the struggle will go on to make community improvements with electricity.

Leonel Bravo, of the Nicaraguan Water and Sewage Institute (INAA), responded to some concerns by reporting that receipts are being printed wrong because of erroneous meter readings, erroneous calculations, and internal leaks in the pipes.

He added that the staff is receiving training, and that the INAA is seeking ways to correct these defects. He asked that the installation of new water service be carried out with the advice and direct participation of the INAA.

The Health Ministry, through Dr Larry Vado, acknowledged that some health care workers provide bad treatment to patients, that there is a lack of labor discipline, and that there is a lack of light in the hospitals.

8926
CSO: 3248/155

ST CHRISTOPHER-NEVIS

LABOUR QUERIES SUGAR FINANCES; SIMMONDS BUDGET RESPONDS

Questions Raised by Audit

Basseterre THE LABOUR SPOKESMAN in English 30 Nov 85 p 1

[Text]

At a sitting of the National Assembly on Monday of this week (25 November), the Report of the Director of Audit on the Accounts of St. Christopher and Nevis for the year ended 31 December 1984 was laid on the table by the Minister of Finance, Prime Minister Dr. Kennedy Simmonds.

The Report shows that the Director of Audit, Mr. St. Clair Phillip, who occupied the post of Director of Audit from 1 March 1976, went on pre-retirement leave on 1 November 1984 and formally retired on 15 January 1985.

Mr. Wendell Lawrence, B.Sc. (U.W.I.), was appointed Acting Director of Audit on 1 November 1984. It was Mr. Lawrence who made the Report on the 1984 Accounts for St. Kitts-Nevis.

Published herewith is page 15 of the Report of the Director of Audit to the National Assembly.

It shows the following balances in the various sugar funds as at 31 December 1984

National Land Fund	$8,765,027
Price Stabilisation Fund	8,869,453
Labour Welfare Fund	4,566,052
Special Wages Increase Fund	376,395
Rehabilitation Fund	336,147
	$22,913,074

$16 million of this money is on accounts at National Bank, nearly $5 million at Bank of Commerce and $2 million are invested by the Crown Agents in U.S. dollar reserves.

The figures in the Report of the Director of Audit raise the following two urgent questions.

(1) If the National Land Fund which was set up by law to provide money to pay for the sugar estate lands contains nearly $9 million, why did the Simmonds government have to borrow $8 million to pay the owners earlier this year?

(2) How could Dr. Simmonds tell sugar workers, before the start of crop this year, that his government had no money to pay them any increase, when there was about $14 million in the other sugar funds, apart from the National Land Fund?

Excerpt From Audit

Basseterre THE LABOUR SPOKESMAN in English 30 Nov 85 p 1

[Text]

71. The amounts deposited on various Savings Account at the St. Kitts-Nevis-Anguilla National Bank in respect of the following trust funds have been verified with the Bank Pass Book.

Sugar Industry, Rehabilitation Fund	$ 336,147.35
Sugar Industry, Labour Welfare Fund	2,068,088.15
Sugar Industry Price Stabilization Fund	3,610,504.19
Sugar Industry, Special Wages Increase Fund	376,395.36
Savings Bank	699,915.80
National Land Fund	45,768.41
Nevis Home	342.68
	$7,137,161.94

72. The following amounts on fixed deposits with the St. Kitts-Nevis-Anguilla National Bank Ltd at 31st December, 1984 have been verified with the Certificates of Deposit.

Sugar Industry, Labour Welfare Fund	$ 428,000.00
Sugar Industry, Price Stabilization Fund	1,728,894.54
National Land Fund	7,401,839.80
	$9,558,734.34

73. The following amounts on deposit with the St. Kitts-Nevis Bank of Commerce at 31st December, 1984 have been verified by reference to a statement of Balances submitted by the Bank.

Sugar Industry, Price Stabilization Fund	$3,530,054.62
National Land Fund	1,317,418.85
	$4,847,473.47

74. The amount recoverable in respect of the above balances cannot be determined with any degree of certainty, since the Bank of Commerce is currently in the process of liquidation by Court Order. The portion recoverable will depend on the cash realized by the Liquidation, in respect of the assets of the Bank of Commerce.

75. The following Trust Funds invested in U.S.$ reserves and managed by Crown Agents have been verified with Crown Agents Certificates.

Savings Bank	$ 380,868.87
Sugar Industry, Labour Welfare Fund	2,069,963.72
National Provident Fund	927,847.14
	$3,378,679.73

76. The following trust funds invested in sterling securities and managed by Crown Agents have been verified with the Crown Agent Certificates.

National Provident Fund	$3,425,148.44
Savings Bank	536,613.58
	$3,961,762.02

Bryant Analysis

Basseterre THE LABOUR SPOKESMAN in English 30 Nov 85 p 11

[Column "Frankly Speaking" by Fitzroy Bryant: "Fiscal Disaster"]

[Text] With typical disrespect and disregard for the general public in St. Kitts, Prime Minister Dr. Kennedy Simmonds has not up to now come down off his foolish high horse to give even one copy of the Bookers Report on the Sugar Industry of St. Kitts to the Labour Members of the National Assembly.

And, of course, no member of the public can get a copy to buy or to borrow. The Sugar Industry of St. Kitts, you

see, is the personal and private property of Simmonds and his cronies, and they don't have to bother with any public or any Opposition.

On a later occasion I will return to that subject. Meanwhile, it must be crystal clear for all the world to see that Simmonds is hiding the Report from the sugar workers in particular and from the people of St. Kitts in general.

Today, I want to call public attention to a different Report - "The Report of the Director of Audit, St. Christopher - Nevis, on the Audit of the Accounts for the Year Ended 31 December 1984".

It is a report to the Legislature of this country, which the Constitution requires to be made to the Legislature each year.

The Report for 1984 was presented to the National Assembly (Parliament) on Monday 25 November 1985. The Minister of Finance, Dr. Simmonds, laid it on the table, to use parliamentary language.

As you would expect, he did not give any copy to the Opposition Members of the National Assembly. That is true to his nature.

HE HAD TO DEMAND A COPY

So, yesterday (Friday), the Leader of the Opposition, Hon. Charles Mills, had to go to Government Headquarters and demand a copy. That is how the Labour Party managed to get a copy of this most important Report.

The Report of the Director of Audit for 1984 confirms, beyond any shadow of a doubt, that St. Kitts is facing fiscal and economic disaster.

When, in November 1983, the Report for 1982 was laid before the National Assembly and this newspaper exposed its contents to the general public, some people were quick to "wash they mouth" on the Director of Audit at the time, Mr. St. Clair Phillip.

Well, Mr. Phillip stepped down as Director of Audit on 1 November 1984 and we now have a younger Director, a graduate of the University of the West Indies.

Let us therefore examine what his first Report to Parliament says. Paragraph 17 deals with the financial operations in summary form -

	Estimates	Actual
Recurrent Revenue	65,894,030	50,553,934
Recurrent Espenditure	54,850,905	54,112,354
	$11,043,125	$(3,558,420)
Capital Revenue	1,107,678	1,320,100
Capital Expenditure	1,107,768	2,773,050
	---	$(1,452.950)
Overall Surplus/(Deficit)	$11,043,125	$(4,272,340)

The overall surplus/(deficit) figures include figures I have not published for loans, development aid and other grants.

What those figures mean, for the benefit of the layman, is that Simmonds and his boys estimated a surplus of $11 million for 1984. They in fact recorded a deficit of over $4 million.

Paragraph 19 of the Report states that, at the end of 1984, the government had an overdraft of $19,386,100 at National Bank. The overdraft figures for 1982 - 1984 are as follows -

1982 - $ 8.7 million (taken from 1982 Report)
1983 - $16.2 million
1984 - $19.4 million

I really don't have to explain to anyone what those figures mean. The government is borrowing more and more money from National Bank to run the country, digging a deeper hole day by day.

$23 MILLION IN SUGAR FUNDS

Paragraphs 71-75 show that there is about $23 million in the various sugar funds. These paragraphs are reprinted on page 1 of this issue. But look at the comparison between the 1982 and 1984 figures -

	millions	
	1984	1982
National Land Fund	8.765	8.231
Price Stabilisation Fund	8.869	5.832
Labcur Welfare Fund	4.566	3.362
Special Wages Fund	.376	1.838
Rehabilitation Fund	.336	.118
	22.912	19.381

In other words, the money in those funds has increased by $3½ million in 2 years. And of that amount only $½ million has gone into the fund to pay for the sugar estate lands.

So that when Simmonds went on ZIZ t.v. and radio to tell sugar workers, in January of this year, that he had no money to increase wages and bonus, he was completely ignoring the millions and millions of dollars in the sugar funds.

I wonder what nancy-story he will be telling them in January 1986?

Paragraphs 75-76 reveal that the National Provident Fund - remember it? - has $4.35 million invested abroad. Simmonds and PAM promised, in January/February 1980, to give the National Provident Fund money back to the workers of St. Kitts.

They have bull-headedly refused to keep their promise. They can't say the money is not there because the Director of Audit says he has verified that it is invested overseas.

PUBLIC DEBT $65 MILLION

Paragraphs 82-84 deal with the public debt. A comparison of the 3 years 1982-1984 tells a tragic tale -

	millions		
	1984	1983	1982
Public debt	65.0	52.4	48.1

An increase of $17 million in 2 years!

It is a story of fiscal deterioration and impending ruin. The Minister of Finance is Dr. Kennedy Simmonds. He is responsible.

Mind you, I am told that, during the meeting of the National Assembly on Monday this week, he tried to say it was the Ministry of Finance, and not the government, that had sent out a circular announcing the freezing of civil servants' increments for 1986, until further notice.

But he is the Minister of Finance. And the Ministry of Finance is a part of the government! What was Simmonds trying to say, really?

I ask you to note one last point. All those depressing and distressing figures in the Report of the Director of Audit relate to the year ended 31 December 1984. That is, before the Simmonds government took over the N.A.C.O. overdraft of $50 million.

Government Plan of Action

Basseterre THE DEMOCRAT in English 14 Dec 85 p 1

[Text]

IN the second Budget Address of the PAM/NRP Government's second term of office, Prime Miniister and Minister of Finance the Rt. Hon. Dr. Kennedy Simmonds has published a decisive and properly secured action plan by means of which Government will implement a solution to this country's seemingly bottlenecked problems touching on the large accumulated debt of the Sugar Industry. The proposal to settle the NACO debt, which now stands at $48.8 Million, provides for a proper loan arrangement with a structured programme of repayment on the security of full and indestructible assets. Pivotal to the success of the operation will be the hammering out of a consultative process which will involve a Tripartite arrangement between Government, the National Bank and the Social Security Board.

Apart from the impasse resulting from the inherited crisis of NACO's debt, Government finds itself saddled with the task of finding the sum of $22 Million as the price of the former Labour Government's unlawful and unconstitutional takeover of Sugar Lands in 1975. Added to that, Government is bogged down in sifting through the innumerable details involved in the urgent reorganisation of the Sugar Industry overall, made necessary by the top-heavy and lop-sided system implanted by Labour. These are all undoubtedly major problem areas staring this country in the face.

Prime Minister Simmonds' Budget Address calls upon each citizen of the country "to recognise that even though external assistance is an integral part of our development thrust, it is upon our own productivity, our own sacrifice, our own effort and our own commitment that we must anchor our programme for the economic recovery and upward mobility of our country". The response of the Budget Address is bold, positive, creative and definite.

Other highlights of the 1986 Budget Address include the following minor measures of Taxation: A Social Services Levy of 4% of wages to be paid by Employer and Employee in equal shares; A 25% increase in Water Rates; An extra charge of $20.00 on Yachts entering our waters; A monthly fee of $3.00 for Cable Television, payable by the subscriber; A tax on Insurance Companies, equal to 5% on all Non-Life Premiums, and a Registration Fee of $2.00 for every $1000 on Non-Life Premiums; and an increase in Consumption Tax on Luxury Items not normally purchased by persons of average income.

These measures, however, are well counter-balanced by significant proposals for relief such as: The complete abolition of Death Duties; A Tax Exemption Scheme for Companies depositing funds in local Banks; Tax Relief for all Banks who provide loan funds to finance the purchase of land on long term (over 15 years) mortgages for construction. The Budget maps out a strategy for self-reliance and a recipe for hard work. "We must view the task of building this Nation", said Prime Minister Simmonds, "as an opportunity to achieve unprecedented heights of greatness."

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ST CHRISTOPHER-NEVIS

SIMMONDS STRESSES SUCCESSES IN CHRISTMAS MESSAGE

Basseterre THE DEMOCRAT in English 28 Dec 85 pp 8, 7

[1985 Christmas Message from Prime Minister Dr Kennedy Simmonds]

[Excerpts] FELLOW CITIZENS, I GREET YOU WITH JOY AND THANKSGIVING ON THIS CHRISTMAS MORNING. WE IN THIS BEAUTIFUL TWIN-ISLAND FEDERATION HAVE MUCH TO BE THANKFUL FOR AND MUCH TO FILL US WITH JOY. WE OUGHT TO GIVE THANKS THAT WE LIVE IN A PART OF THE WORLD WHERE PEACE ABOUNDS, FAMINE IS NOT A PART OF OUR EXISTENCE, AND THE RAVAGES OF BITTER WINTERS ARE UNKNOWN.

THE EMPHASIS ON HUMAN RESOURCE DEVELOPMENT, WHILE ALWAYS AN INTEGRAL PART OF OUR POLICY, WAS ESPECIALLY HIGHLIGHTED IN 1985. THERE WERE TRAINING PROGRAMMES FOR PUBLIC SERVANTS, SCHOLARSHIPS WERE GIVEN FOR TOURISM RELATED SUBJECTS, FOURTEEN FISHERMEN WERE SENT TO CANADA FOR TRAINING, AND OUR NUTRITION UNIT LAUNCHED A NUTRITION EDUCATION PROGRAMME FOR TEENAGE MOTHERS.

THESE AND OTHER PROGRAMMES MERELY COINCIDED WITH INTERNATIONAL YOUTH YEAR BUT WERE NOT ORGANISED JUST FOR INTERNATIONAL YOUTH YEAR, BECAUSE FOR US EVERY YEAR IS THE YEAR OF YOUNG PEOPLE. THIS YEAR, ALSO, WE TRIED TO SENSITISE OUR YOUNG PEOPLE TO THE CONCEPT THAT THE YOUNG MUST CARE FOR THE OLD AND HAVE A REAL SENSE OF APPRECIATION FOR THE WORK THAT THE OLDER MEMBERS OF OUR SOCIETY HAVE DONE IN PREPARING THE GROUND FOR THE PRESENT GENERATION. THIS TO MY MIND IS ONE WAY TOWARDS ACHIEVING A MORE HOMOGENEOUS SOCIETY.

IN ADDITION TO TRAINING OUR YOUNG PEOPLE FOR EMPLOYMENT, GOVERNMENT CONTINUED TO PROVIDE RECREATIONAL FACILITIES TO ENCOURAGE OUR YOUTH TO BE HEALTHY AND PHYSICALLY FIT. THE NEVIS ISLAND ADMINISTRATION WAS ABLE TO BUILD A MODERN AND BEAUTIFUL NETBALL COMPLEX AT GROVE PARK AND THUS HOST THE 1985 CARIBBEAN NETBALL CHAMPIONSHIPS. IN MY OWN CONSTITUENCY, CONSTRUCTION HAS STARTED ON THE LOW INCOME HOUSING PROJECT AT MARKET STREET AND AT THE GARDENS

TWO NEW PUBLIC TENNIS COURTS ARE NOW IN SERVICE. THE COURTS HAVE BEEN BASICALLY FINANCED BY CARIBBEAN FLOUR MILLS OF ST. VINCENT AND THE GRENADINES, AND JACK TAR VILLAGE HAS DONATED THE PAINT AND WINDBREAK MATERIAL FOR THE COURTS. I PUBLICLY ACKNOWLEDGE AND EXPRESS APPRECIATION FOR THESE GIFTS.

THE SEED WHICH WE HAVE BEEN SOWING AMONGST OUR YOUNG PEOPLE HAS APPARENTLY FALLEN ON FERTILE GROUND; NEVIS WON THE 1985 LEEWARD ISLANDS CRICKET TOURNAMENT; THE ST. KITTS BASKETBALL TEAM PLACED SECOND IN THE OECS BASKETBALL CHAMPIONSHIPS, AND OUR MOST HISTORIC TRIUMPH WAS BROUGHT HOME WITH THE VICTORY OF THE ST. KITTS FOOTBALL TEAM IN THE FIRST EVER OECS FOOTBALL CHAMPIONSHIPS.

MANY GOOD THINGS HAVE HAPPENED TO US, THEREFORE, IN 1985. IT IS ALSO A YEAR IN WHICH WE SHOWED MATURITY AS AN INDEPENDENT NATION, COGNISANT THAT IT IS UPON OUR OWN SWEAT, TOIL, ENERGY AND INITIATIVE THAT WE MUST BUILD FOR THE FUTURE. IF I COULD CHARACTERISE THE PREVIOUS YEARS, I WOULD REGARD 1983 AS A YEAR OF EUPHORIA AS WE JOYFULLY TOOK OUR INDEPENDENCE. 1984 WAS A YEAR OF PREPARATION AND ORGANISATION. 1985 THE YEAR OF MATURITY.

I CHARACTERISE 1985 THUS, BECAUSE IT IS THE YEAR IN WHICH WE TOOK HOLD OF CERTAIN PERENNIAL PROBLEMS WHICH HAVE HUNG LIKE A MILLSTONE AROUND THE NECK OF THIS COUNTRY, AND FASHIONED SOLUTIONS TO THEM. THE SOLUTIONS ARE OF OUR OWN MAKING AND TO A GREAT EXTENT WILL DEPEND ON OUR OWN RESOURCES AND RESOURCEFULNESS.

WE ARRIVED AT A SETTLEMENT ON THE LONG OUTSTANDING ISSUE OF THE SUGAR ESTATE LANDS AND HAVE BEEN MAKING PAYMENT.

WE HAVE WORKED OUT A PLAN FOR THE RESTRUCTURING AND IMPROVEMENT OF THE sugar industry outlined in my broadcast of 7th November, 1985, and in my 1986 budget address.

We have devised a plan for the payment of the accumulated sugar industry debt which I outlined in my budget address.

We have taken certain very vital steps to improve our infrastructure as to provide the necessary foundation for development take off especially in industry and tourism. These steps include the privatisation and improvement of telephone facilities for St. Kitts and Nevis by our participation in Skantel. The provision of

an additional generator to improve the electricity supply in Nevis, and the implementation of yet another stage in the water development master plan with the progress of the well-drilling programme in St. Kitts and Nevis.

Very significantly, we have provided employment injury benefit protection for our workers, and begun the legislative process for the protection of employment of our people. This latter bit of legislation is long-overdue by many, many years and I am happy that my government has taken the matter in hand and dealt with it in this year of maturity.

/13104
CSO: 3298/289

SITUATION IN GUYANA DRAWS COMPTON, PLP COMMENT, CENSURE

Compton on Church Issue

Kingston THE DAILY GLEANER in English 31 Dec 85 p 3

[Text]

CASTRIES, Dec. 30, (CANA)

St. Lucian Prime Minister John Compton said today that the Guyana Government's apparent harassment of leading clerics was unacceptable.

In a statement on worsening church/state relations in Georgetown, Compton said recent events in the republic suggest that the Desmond Hoyte Government may be falling short of the standard expected of a member of the Caribbean Community (Caricom).

He said that reports during and since Guyana general elections earlier this month have heightened concern in the Caribbean with regards to the conduct of elections and the respect for human rights there.

The St. Lucian leader said the failure of the Guyana authorities to permit impartial observers of the electoral process had contributed to these concerns.

"The allegations by political parties of unfair electoral practices have been given greater credence when these allegations have been supported by christian domominations."

Compton added: "It would appear that the response of the Guyanese authorities to these accusations has been harrassment of the church leaders, the threatened expulsion of one long resident churchman and the barring of entry of the Roman Catholic Bishop of Barbados."

Compton said that such conduct was unacceptable from a member of Caricom.

"Since the Caribbean is viewed internationally as one region, the Government of Guyana owes a duty to other members of the community to ensure that its actions relating to free and fair elections and respect for human rights do not fall short of that expected from members of the Caribbean Community," Compton said.

Guyana immigration authorites barred Bishop Anthony Dickson of Bridgetown on Friday as he sought entry to discuss the expulsion of Father Patrick Connor, a Briton who has lived there for 21 years and recent state action against the church.

Security forces have also searched the homes of the Roman Catholic Bishop and superintendants of the Moravian and Methodist Churches, allegedly for arms.

This followed the decision of some church leaders to question the conduct of the December 9 elections.

'Hypocrisy' Charge Against Compton

Castries CRUSADER in English 4 Jan 86 p 1

[Text] The Prime Minister or St Lucia condemned the erosion of Human Rights in Guyana following the expulsion of a Jesuit Priest Father Connors by the Government of Guyana. In a typically opportunist statement the Prime Minister lined up with all the Caribbean Bishops and Clergymen in a frontal attack on the Hoyte Administration in Guyana for the erosion of human rights and the alleged fraud in the conduct of General Elections. The Hoyte Administration claimed that Father Connors was "indulging in activities inimical to the security of the State."

Earlier this week the Party leader of the Progressive Labour Party in St Lucia told the CANA News Agency that he was amazed at the hypocrisy of Prime Minister Compton in condemning human rights violations in Guyana when exactly the same situation exists in St Lucia. The party leader recalled the David England Affair when the England family who had resided in St Lucia for sixteen years and played their part in community activities were deported from the island on precisely the same grounds as the Jesuit Priest in Guyana.

He said: "At that time the Inter-Church Council was called upon to protest this violation of the human rights of the Englands. The Church remained silent at that time and it is possible that their silence then has exposed their legitimacy to fight the cause of Father Connors. It is conceivable that the human rights of a priest should be in any way superior or more sacred than the human rights of a layman. Why then should the Church be silent over the David England Affair and Vociferous over the Father Connor's expulsion. There must be some consistency and principle in these matters."

At the same time David England was kicked out of St Lucia the prime minister claimed that he received a tip from the intelligence service of a friendly country and he acted on this tip. He felt that in such matters of security there was no need to provide details or verification. Why now should Hoyte's action be viewed any differently?

Party Leader, George Odlum went on to say that violations of Human Rights should be condemned whenever and wherever they occur. So should the rigging of elections if that is proven. But he deplored the hypocrisy of the Prime Minister--in not being consistent in his attitude to similar sets of facts. Does his inconsistency spring from the fact that Guyana is an easy target for criticism and destabilisation?

Call for Retaliation

Castries THE WEEKEND VOICE in English 4 Jan 86 p 2

[Editorial: "Dump Guyana!"]

[Text]

THE situation in Guyana, already bad during the leadership of the late Forbes Burham, is rapidly deteriorating under new President Desmond Hoyte. And since last month's controversial general elections in the Cooperative Republic, it has grown progressively worse.

As 1985 closed, there were signs of growing tension between the Government and the Church, resulting in the searching of the homes of three clergymen, allegedly for arms and ammunition. Since then, things have developed into a spate of persecution and harrassment against Church leaders that has prompted expressions ranging from denunciation to concern from many quarters in the region.

We wish to add our voice to these expressions to the point of saying that in 1986 Caribbean Community Governments and regional organisations must come to grips with this monstrous Guyana situation in a very firm and meaningful way.

As Prime Minister Compton said in a recent statement, the region must let Guyana know that we find its conduct "unbecoming" of a Caribbean Community member country.

The Caribbean countries must disassociate themselves from Guyana before the violent confrontation that threatens to engulf in that country actually takes place.

Above all, they must devise a mechanism to ensure that the same treatment is meted out to any other country in the region which violates the fundamental human rights of its citizens in the way that the ruling Peoples National Congress in Guyana has done over so many years.

Really, the recent developments in the Republic must make us wonder whether Dominica's Prime Minister Eugenia Charles, a fearless critic of the Guyana administration, was exaggerating when she said she would not be attending this year's Caribbean Community summit because she will not feel safe there.

When Churchmen are murdered on the streets of Guyana as happened a few years ago, and others can be harassed and abused as has happened in recent imes, anythir.g else can happen.

The Caribbean leaders must begin to take a fresh look at the entire situation in Guyana. They must decide whether they can give the Hoyte Government any further legitimacy by attending this year's summit.

They must meet to discuss serious options to pressure for meaningful change in Guyana in much the same way we in the Caribbean wish a better life, free from persecution and intimidation for our brothers and sisters in South Africa.

At this moment, the Cooperative Republic of Guyana is nothing but a disgrace to the rest of the region, in much the same way as Grenada was, first under Eric Gairy and later under Maurice Bishop.

This year, the eyes of the people of the Caribbean, and indeed the eyes of the people of Guyana itself will focus on the political and other leaders to see how the Caribbean Community meets this monster that is growing within its very ranks.

/9365
CSO: 3298/296

ST LUCIA

ODLUM, JOSIE PROMISE TO WORK TOWARD UNITY IN 1986

[Editorial Report] On the front page of the 21 December 1985 Castries CRUSADER, organ of the Progressive Labor Party, appears the two-line banner headline "Odlum and Josie Pledge Unity in 1986." Pictures of the two men stand side-by-side under the headline, with the following copy beneath the photographs:

"We propose to work together in the New Year for the purpose of unifying the people of St Lucia in an effort to provide a viable alternative Government which would consult the interests of all the people, despite the many obstacles which stand in the way."

Immediately following this, another two-line banner headline reads "Josie Comments on COMBAT Article," with the final copy on the page just below this headline:

"As far as I am concerned the differences between George Odlum and myself in 1982 must not get in the way of our job to remove the Compton regime. I believe Tyrone Maynard is a stooge and a tool of the Compton regime and his cheap tricks of using the Odlum-Josie differences in 1982 to promote right wing leaders will not work."

Nothing further on the story is found on inside pages of the paper.

In the 10-11 January 1986 issue of the Bridgetown WEEKEND NATION in English, on page 15, Earl Bousquet, writing from Castries, offers the following thoughts inter alia on the Odlum-Josie rapproachement:

"One thousand nine hundred and eighty six promises to be a year of political surprises in St Lucia, where the electoral calendar has gone past the half-way mark.

"With general elections constitutionally due by May 1987, all political groupings and tendencies have their eyes set on the next poll, and this year will certainly see a significant rise in the political temperature on this 616 square kilometre Caribbean island of over 120,000 inhabitants.

"Against this background, the two opposition parties--the SLP and George Odlum's Progressive Labour Party (PLP)--both have their sights fixed on 1986 being a decisive year, insofar as their election plans are concerned.

"The PLP has planned a long-overdue congress for later this month, while the SLP is working toward its usual early annual special conference. Both gatherings are expected to point to the way the respective parties will approach the upcoming poll.

"One surprise which many here won't find surprising however, is the possibility of George Odlum and Peter Josie coming together again! In fact, the two have already given notice that coming together again is a serious priority item on their respective individual political agendas.

"Indications that the two were recreating their earlier friendship came in the latter part of 1985, when they could have been seen driving together in Castries--a move seen by some observers as being calculated to draw attention.

"But what were hitherto mere suspicions became more firmly founded when, in November Mr Josie issued a statement to the Press firmly defending Mr Odlum against what he said were attacks from within the SLP, and calling for unity between the two parties against the UWP.

"He said that rather than being critical of Mr Odlum for his past actions, the SLP should aim its guns at Mr Compton and the UWP.

"That the two intend to once again become a political twin became absolutely clear at the end of 1985, however, when, in the December 21 issue of Mr Odlum's weekly CRUSADER, they announced a 'pledge' for unity in 1986!

"But there is an understandable degree of scepticism here as to the real motives behind the rekindling of a political friendship that has grown so bitter overnight, and which had led to the former political buddies making strong statements against each other.

"Followers of the PLP hounded Mr Josie through the streets of Castries and such was the hostility generated against Mr Josie that for the 1982 election he had to abandon his Castries East seat and contest unsuccessfully in Vieux Fort, to the extreme south of the island!

"That the two former sworn enemies could so quickly and readily sink their deep political and personal differences and antagonisms is being seen in some political circles here more as an alliance of political convenience against a common political threat, than, as Mr Odlum and Mr Josie claim, an alliance 'in the interest of the masses.'

"At present, the real intention behind the reemergence of the Odlum-Josie phenomenon here is the best kept secret of the two individuals. But certain things are clear:

"--Mr Odlum would like to have Mr Josie in the PLP, to show he is still some kind of political maverick that wields some political influence.

"--Mr Josie would also like to leave the SLP. He would feel more comfortable with his longtime ally than in the SLP, and would probably stand a better

chance of becoming Mr Odlum's deputy once again, than becoming a deputy leader in the SLP, where he remains isolated--largely on account of his insistence in helping Mr Odlum attack the leadership of his own party.

"Meanwhile, as St Lucians await the expected Odlum-Josie political marriage later this year, the ruling UWP is hoping that the SLP and the PLP will go at each other's throats in the run-up to the next general elections, while the SLP, under the new leadership of Julian Hunte, a Castries businessman, is quietly putting its house in order to present itself, once again, as a major contender for office.

"For his part, Mr Hunte insists that the SLP can sufficiently organise itself to challenge the UWP alone, and says the mood at the SLP's last convention in August 1985 was decidedly against any association with Mr Odlum or his party."

/9365
CSO: 3298/296

ST LUCIA

PLP ORGAN CRITICAL OF CLUB MED EXCLUSION OF LOCALS

Castries CRUSADER in English 28 Dec 85 pp 1, 11

[Text] Last week the former Halcyon Days Hotel opened under its new Management, Club Mediterranean. The company operates internationally and has its own style of operation which is spelt out carefully to the Government of countries in which the Company proposes to do business. The Government either accepts or rejects the proposals of Club Mediterranean.

The company operates its Tourist Village Concept of luxury holiday in a way which excludes locals. Club Med made it clear to Prime Minister Compton that they did not want St Lucians messing around the hotel. The Prime Minister agreed. So now St Lucians are not welcome at this hotel in their own country and the Security Staff has been given a list of the names of twelve ministers of government alone who are authorised to enter the premises and no one else.

The Prime Minister himself has frequently visited Club Med and has been entertained as a guest there in the past few weeks. Parliamentary Representative for Vieux-Fort South Eldridge Stevens and the Choisuel Representative Brian Charles enjoy the exclusivity and have been there on many occasions but the people of Vieuxfort and Choiseul whom they represent cannot enjoy the facilities of this hotel if they wanted to. It simply doesn't matter even if they had the money to do so. They are not wanted.

Recently the people of the Vieuxfort who have used the beaches so freely for bathing and picnics at Bois Shadon, the beach adjoining the hotel have been warned that seventeen cottages are being constructed there and the beaches are no longer available to locals. The people of Vieuxfort who traditionally gathered almonds on the beach in front of the hotel have been told that this beach is strictly private and out-of-bounds to St Lucians.

The Club Mediterranean people also told our Prime Minister that they are not interested in employing local persons to work in the hotel and they must be free to bring in whoever they wish to work in the hotels. The work permits must be freely available...and the Prime Minister agreed. Today very few St Lucians are employed there and the wages of these "lucky few" are nothing short of scandalous. The hotel operatives from St Lucia at present receive $170 a fortnight. Eastern Caribbean dollars. This compares very unfavourably with the foreign staff who receive $350 a fortnight for meal allowances alone apart from their basic salary.

Most activities are controlled and run by overseas staff. In the Water Sports section two Canadians were brought in to take care of these facilities when local St Lucians have developed so much skill and expertise in that department. As if to make the point that local materials are clearly not required the company brought in its own sand and stone from Guadeloupe...and of course almost everything is duty free!

There is little wonder that the Prime Minister and his little knot of dealers who sell our birthright kept the details of this squalid transaction so secret and the people of St Lucia were not given the opportunity to express their views on these conditions. What is so special about this Club Med offer that we had to sell out our St Lucian birthright for this mess of Tourism pottage?

If the "dealers" who can now enjoy privileged access to the hotel got some secret benefit from this Club Med proposal, it is clear that the St Lucian people whom they purport to represent are the all-round losers. The much talked about "foreign exchange" which the Tourist Industry is supposed to bring into St Lucia is certainly not visible at Club Med in Vieux-Fort. The guests prepay all expenses overseas and on arrival here they are issued with BEADS to replace money and they purchase their necessities like drinks and cigarettes with beads. St Lucia sees not a red cent from these US dollars except the paltry wages and operating expenses which accrue down here. Who then is benefiting from Club Med? Sure not the people of St Lucia!

Recently construction of an Aqua-Centre has started on the beachfront near the hotel and the Club Med people have not sought planning permission before undertaking the project. The nod was given to them by the Prime Minister himself without the normal procedure of application being observed. The St Lucians who now have to remove houses which had not received the approval of the Department of Planning must reflect on how disadvantageous it is to be a St Lucian in St Lucia!

/9365
CSO: 3298/296

ST LUCIA

COMPTON OPTIMISTIC ABOUT ECONOMY IN NEW YEAR'S MESSAGE

Castries THE WEEKEND VOICE in English 4 Jan 86 p 1

[Text]

PRIME Minister John Compton last night promised St. Lucians a "busy and exciting" 1986, but warned that a successful year meant both "inspiration and perspiration."

Mr. Compton was delivering a New Year address to the nation on radio and television, during which he looked back on the achievements of 1985 and indeed, the period since his governments' return to power in 1982.

He said: "Because we have prepared the ground during the past three or so years, all the signs show that 1986 will be a very good year."

He said the island was expected to produce a record 90,000 tons of bananas "if we are spared natural disasters," but added that St. Lucia would still have to face the prospects of the continued dumping of cheap Nicaraguan bananas on the British market which would depress prices for Windward Islands fruit."

Improvements in the tourist industry, he said, now meant that St. Lucia was short of hotel accommodation. Three hotels had plans for expansion which would add another 150 rooms by the end of the year, while negotiations with hotel groups were "at a very advanced stage" for the construction of three new hotels totalling some 1,000 rooms.

In the manufacturing sector, Compton said that Mayfair factory at Bisee would be reopening, re-employing the 150 workers that were laid off last year because of export difficulties to the Trinidad market, while factory shells built in 1985 would be occupied.

The much publicised West coast road would begin construction either later this month or early next month, Compton said, with Hess Oil partnering the Government in the construction of the first phase from the Morne to Cul de Sac.

This section, he said, would be completed by June, by which time the financial arrangements currently being made would enable continuation of the project up to Soufriere.

Also planned for this year, were the construction of 11 miles of feeder roads with Caribbean Development Bank funding, the continuation of the USAID road construction programme and the commencement of work on two office blocks in the Conway area, one to be financed by the National Insurance Scheme and the other by local banks.

Compton said that St. Lucia had now been able to meet the terms of the CBC load and so work would begin on the Grace-Wood-lands-Vieux Fort water scheme, the Roseau-Barre Dennis supply, the conversion of the Micoud system from pumping to gravity and a new intake from the Roseau river to supplement the Castries supply.

He added: "The contract for the design of the Roseau dam has already been awarded and Canadian engineers will be arriving in St. Lucia shortly to commence the field work."

Compton said that drilling operations for geothermal energy near the Sulphur Springs will begin in March, adding: "By June we shall know the results and later in the year we hope to commence the construction of the power station and power lines to put the electricity generated from the Soufriere Springs into our distribution system."

Said the Prime Minister: "These then are but some of the major projects which will make 1986 one of the most exciting years since independence and which by our own efforts we can convert into opportunities to make it a happy year for us all."

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ST LUCIA

PLP ORGAN DISCUSSES PROSPECTS FOR OUSTING UWP

Castries CRUSADER in English 4 Jan 86 p 2

[Editorial: "Fight the Tricks in '86"]

[Text] The Year of our Lord 1986 opens in a mood of apprehension and cautious optimism. The apprehension turns on the fact that the Opposition Parties have given some lip-service to the notion of consolidation but they have done nothing specific to ensure that the electoral fight will be a meaningful fight with the battle-lines clearly drawn. The apprehension centres around the possibility that the same three-cornered fight which favoured the UWP in 1982 might still redound to their benefit in 1986, if the Opposition is not single-minded about routing the UWP once and for all.

The " cautious optimism " which flickers at the turn of the New Year is the thought that the country as a whole has had its fill of Comptonism and is on a desperate search for any viable and principled body of men which could make a serious assault on the problems which beset us. It is of interest to note that the disenchantment is almost total and the pendulum-swing against the Government is wide-spread throughout the country.

The ruling Party is fully aware that it's stock has dwindled but depends on the rift in the Opposition Parties to try to sneak in by default. Already the Party is gearing itself for an extensive foray into Patronage Politics and Media Manipulation. One U.W.P. Candidate in Castries South who was unsuccessful at the last Election went on a hand-out spree at Christmastime. He despatched his lieutenants with envelopes containing cash ($40 and a food hamper) to large number of persons in the constituency. It was not so much the joy of Christmas which motivated this hand-out. It was an election ploy to buy the allegiance of persons who did not support the ruling Party. Clearly this was a curtain-raiser for the big-bash of spending at election time. Hopefully St. Lucians have learnt the futility of this type of exercise which is not in their overall developmental interest. By now they had ample time to see the impact of this superficiality on the quality of their lives. The hand-out is a systematic and calculated tactic of the United Workers Party and

they have started with a whopping big salary increase for Ministers and Parliamentarians at a time when the lowest income earners in the country cannot get past a measly ten-percent. This sort of cynicism is certainly not the stuff that nation-builders are made of!

The apprehension in the Opposition forces is centred round the obstructionism of Julian Hunte, the Political Leader of the St. Lucia Labour Party. His position on an alliance between the two parties is curious to say the least. He would consider an alliance if it excluded the most viable elements of the Opposition. His legitimacy for making this kind of demand is non-existent, especially as he is a virtual newcomer to active politics and hasn't got a snow-ball chance in hell of rallying either the SLP or an alliance of the two Parties without the crucial help of the very element which he seeks to isolate. The only conclusion one can draw from this stance is that he prizes his personal prowess in politics above the fortunes of the Opposition. His position is even more bewildering since the main personalities in his Party have all made public statements challenging his stance on this issue. Of course the travail which the SLP has been through is enough to impress on them the need to avoid too much blood-letting at this sensitive period in the run-up to an election. But perhaps the Party Leader is taking cover under this fear and those who have a vested interest in his obstructionism must be more than pleased that 1986 has opened without a resolution of this issue.

The Progressive Labour Party for its part is this month moving into a Congress which many felt was long overdue. The Congress must clear the air as to which hands are on deck since the Party's slate has been looking rather bare in the past year with Deputy Party Leader playing a hide-and-seek game between commerce and politics. The Congress should have the effect of drawing the battle-lines clearly as to who is fighting and who is not. The People must be given the opportunity to see the fight against Comptonism in stark terms unrelieved by the vaccilation of opportunists or people who have no stomach for the fight.

The Pledge given by Messrs Odlum and Josie at the turn of the year is a bridgehead for Unity but falls far short of the full consolidation which can only come if the two Parties decide on a clear path to progress. But when bottlenecks are created within the Parties as we have seen in the SLP it is essential to break the bottlenecks to permit the free democratic flow of mass opinion-the voice of the people. In recent years the most vital political institution-the voice of the people-has been silenced. The U.W.Pees systematically stifled the Unions, cleared the people from the House of Assem-Assembly, banned marches and demonstrations, selected conservative establishment-type speakers for public occasions, menaced protesters with the arms of the Police and the exhibitionism of EXOTIC PALM, and as a result the people remained surly and cowed.

In 1986 the politics of change must be revitalised. The people must be mobilised to fight the tricks which can shunt a People's Victory into a Red Hearts Fraudulent election. ST. LUCIANS MUST FIGHT THE TRICKS IN '86

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ST LUCIA

MALLET, HUNTE PRESENCE AT 'DEMOCRACY' MEETING SCORED

Castries CRUSADER in English 21 Dec 85 Christmas Supplement p 27

[Article by "The Watcher": "The Hunt'n Mallet Show"]

[Excerpts] It is pleasant to get away from the domination of our TV channels by American media and switch over to Martinique sometimes. The pleasure derives from the fact that the French TV channels are not a constant stream of slanted news broadcasts and never ending films of dubious content. The recent coverage by the station in Martinique, of the visit of President Mitterand, was excellent in that it served to remind us that some islands in the Caribbean can still exercise a complete political freedom, albeit under the wing of the French authorities.

Aime Cesaire, poet turned politician, ex-communist now progressive Mayor of Fort de France obviously had an excellent rapport with his guest, and in each and every other town, whether the mayor was a communist or right-winger, Mitterant plunged eagerly into open and frank dialogue, accepting the multifaceted political composition of the islands as proof that Democracy is alive and well in all parts of the French sphere of influence.

What a far cry this is from the English speaking islands where the word Progressive is portrayed as being unacceptable in political forums controlled by the right wing.

Perhaps this political blindness is best portrayed by the recent visit to Barbados of our George Mallet of the UWP, and Julian Hunte of the SLP. They both went off in a chummy sort of fashion, to attend a conference of quote "Democratic Parties" of the region. The word democratic was being used in this case as a not so subtle propoganda plug by our American dominated media. The organisation setting up the meeting is U.S. sponsored and recently conceived an order to counteract the growing political clout of the Socialist International in world forums. A more correct title would have been a "meeting of Conservative parties", but in order to continue to cast that little shadow over the left wing in the region, we were supposed to think that only the right wing has a claim to being a democratic party.

Having seen through this little bit of bullshit, there is no reason why rightwing as well as left wing parties should not have meetings, they have a right so to speak. What is nauseating about the attendance of the two gentlemen from St. Lucia, is that we can see no effort from either of them to ensure that democracy is allowed to flourish in this country.

George Mallet, Minister of Trade and Tourism in the present government and deputy leader of the UWP, is the permanent yes man of Compton's government and condones each and every excess of that government as it blatantly treads on human rights, squashes all form of public dissent, savagely controls the local media for its own purposes, and generally carries on like a banana republic dictatorship oblivious to its own faults and totally immune to the

plight of the rest of the population. Thus there is no context whatsoever to consider the UWP as a democratic party other than it so far has called elections when constitutionally due. For the period in between we could best describe the UWP as a group of petty fascists bessotted with their power over the machinery of the state.

Julian Hunte's inclusion on the list of invitees was not surprising. The newly elected Leader of the SLP seems to make no secret of his distaste for left-wing politics, that seems a little odd when we remember that only a couple of years ago the same person was a constant confidant of Brother George, but George has been a victim of insincerity in St. Lucian politics before. Be that as it may, Hunte went tripping off to Barbados glowing in the little bit of media coverage that portrayed him as representing a democratic party rather than a right wing one. Again, the gentleman has a right to attend the meeting if the wishes, BUT where is his effort to keep St. Lucia on any form of democratic path? Apart from the South Africa issue which is separate and distinct from our problems here, what effort does the leader of the SLP make to highlight any problems, did we hear any real protest from him over the death, while in police custody of Yamaha? Did we hear any statement regarding the savage deportation of the England's? Do we hear any members of the SLP leadership making statements about the one-sided method in which the local media stations are controlled or are they just content that they are allowed to broadcast and to hell with anybody else? How can the political leader of the SLP pretent to be from the democratic stable when he follows so blindly the UN-democratic examples of the ruling UWP government.

Any attempt, by either the leader of the SLP, or members of the UWP to portray St. Lucia as a democracy, shoud be exposed for what it is, a SHAM.

It is to the credit of the PLP politicians, and their supporters, that they continue to stand up and fight for their right to be heard and make a contribution of the political debate of the nation, while it is to the discredit of the other parties that they do their level best to prevent this display of political openness and pluralism.

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ST LUCIA

MALLET URGES U.S. TO EXPAND CBI LIST OF PRODUCTS

FL201720 Bridgetown CANA in English 2211 GMT 18 Jan 86

[Text] Castries, Jan 18--Deputy Prime Minister and Minister for Trade, Industry and Tourism George Mallet has called on the U.S. Government to broaden the scope of the products range covered by the Caribbean Basin Initiative (CBI) by including labour-intensive goods.

Mallet was speaking to a group of officials of the Western Hemisphere Affairs Committee on Foreign Affairs [as received] of the House of Representatives, which is on a tour of the region assessing the impact of the two year old CBI.

The minister said that in order to make the CBI really effective and fruitful, garments and clothing manufactured under the so-called 807 arrangement should be included in 85 duty-free provisions, as these were labour intensive and allowed for expansion.

Under the 807 scheme, cut garments are shipped to the Caribbean and finished and returned to the United States with tariff concessions.

Said Mallet: Such production is complementary to the U.S. textile and clothing industry in as much as the fabric will be imported from the U.S. alone.

He pointed out that most of the sewing and other equipment used by garment and clothing manufacturers in St Lucia originated from the U.S.

The minister said that the small island countries of the OECS (Organisation of Eastern Caribbean States) had special problems and therefore they deserved preferential treatment.

He said most of the increased earnings from value added in St Lucia would be spent by St Lucians on imports of consumer goods from the U.S.

Mallet said he was satisfied with the CBI as a free trade arrangement and was not seeking any fundamental change in its structure. However, he said certain modifications were necessary, based on the experience acquired over the two years of the scheme's existence. As part of an overall strategy aimed at more effectively entering the U.S. market, Mallet cited the need for technical and other assistance in the areas of marketing and management to enable local entrepreneurs to produce and sell more efficiently.

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ST LUCIA

BANK LOOKS AT ECONOMIC GROWTH RECORDS FOR 1985

FL222020 Bridgetown CANA in English 2000 GMT 22 Jan 86

[Text] Castries, Jan 22--The Eastern Caribbean Central Bank (ECCB) says real growth in St Lucia's economy in 1985 is projected at about three to four percent compared with 4.9 percent in 1984.

The most buoyant sector of the economy, the bank said in a summary, continued to be agriculture, dominated by bananas.

Banana exports during the first six months of 1985 rose 20 percent over the corresponding period of 1984, to 42,047 tonnes, pushing gross earnings up 34 percent, to 42.6 million dollars (one EC dollar; 37 cents U.S.). The rise reflected partly an increased level of production as well as improved unit prices.

The average green market price for St Lucia banana exports during the 1985 first half was 527.5 pounds sterling per tonne compared to 432.2 pounds per tonne in 1984.

The present trends indicate that the 5.5 percent real growth achieved in the agricultural sector in 1984 could be eclipsed in 1985, the ECCB said.

The bank said the impressive performance of the banana industry was accompanied by similar growth in cocoa exports. The volume of cocoa exports amounted to 49.4 tonnes, considerably greater than the previous half year's exports of 26.3 tonnes. Fruit and vegetable exports were down by 18 percent, however, and cocoa production also declined.

The bank said the negative real growth experienced in the manufacturing sector in 1984 appeared to have continued into the first half of last year. Compared to the corresponding period in 1984, the total value of selected manufactured goods exports fell about 19.6 percent during 1985.

The decline in export volume occurred in paper and cardboard boxes, 10.7 percent; clothing, 26.2 percent; and beer, 18.5 percent. Although the volume of refined coconut oil rose over 50 percent, the total value received for the product was 12 percent below the previous year due to a steep fall in unit prices.

The bank said much of the deterioration in exports occurred in the first quarter when the value of manufactured exports declined by 30 percent over the corresponding period in 1984.

In the second quarter, however, exports were lower by only 1.5 percent. Although no supportive data are available, domestic consumption of some locally manufactured products is projected to have increased.

Some positive growth is expected during the first six months in the areas of transport and communications and hotel restaurants, emanating directly from the improvement in tourist arrivals by air and cruise ships.

Government services, which grew by 5.6 percent in 1984, are expected to also show parallel growth in 1985 when all the figures are in.

The bank said St Lucia's inflation rate as measured by the consumer price index was held in check during the first six months of 1985. The all-items index rose modestly by 1.1 percent and by less than one percent over June 1984. Negative price movements took place in alcoholic crinks and tobacco and household and miscellaneous items. Food prices rose 1.8 percent while those of housing and fuel and light increased by 1.3 percent and 1.9 percent, respectively.

The bank said total exports expanded by EC1.5 million dollars, to 67.6 million dollars, primarily on account of the thriving agricultural sector, while imports contracted by five million dollars to 149.4 million dollars.

The notable reduction on imports of some intermediate and capital goods may indicate a reduction in capital investment activity in the first half of the year, the ECCB said.

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ST VINCENT AND THE GRENADINES

MITCHELL COMMENTS ON GUYANA ELECTION, NEED FOR ACTION

Kingston THE VINCENTIAN in English 13 Dec 85 p 16

[Text]

There has been an expected landslide result for President Desmond Hoyte's People's National Congress in Guyana. It has won 44 of the 51 seats, among widespread accusations of election fraud from the other political parties and church critics.

St. Vincent and the Grenadines Prime Minister James Mitchell has commented on the Guyana elections. He said that he was afraid that no one really expected any different results. He said that anyone who expected elections in Guyana to go any other way would be naive.

Mitchell said that if the Government of Guyana really wanted to establish international creditability, they would have permitted observers from the Caribbean and outside to come in and see exactly what was going on. He claimed that it is really sad that in the Caribbean Region that we will have this burden to carry.

Mitchell said that the International Community will be watching the reaction of the rest of the Caribbean to Guyana's Election and Caricom creditability may be at steak. He said, "I have stated my position and I do not hesitate to state my position."

The Prime Minister said that he could not speak for other Caricom Governments but noted that Barbados is in an awkward spot because sixty percent of its foreign reserves are held by Guyana and that money seems irredeemable.

Caricom Governments will have to stand up and be counted if they are going to maintain their creditability with the rest of the world now because it is not only the question of the status of Guyana, it is a status of Caribbean opinion that now counts, Mitchell declared.

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ST VINCENT AND THE GRENADINES

UNIONS IN DISCUSSIONS ON WAGES, RIGHTS WITH GOVERNMENT

Teachers' Demands

Kingstown THE VINCENTIAN in English 13 Dec 85 p C

[Text]

The General Council of the St. Vincent Union of Teachers met last Monday and decided on steps to press Government, through the Ministry of Education to negotiate a Collective Agreement with the Union. The present agreement dates back to 1975. Speaking at a Press Conference on Wednesday, this week, Theo Thomas, the SVUT Public Relations Officer, said the Union has decided to write Prime Minister James Mitchell explaining the Union's position as it stands, the seriousness of the problem and the urgency for the Government and the Union to begin negotiations on the Collective Agreement.

Thomas said that the Union has a tentative plan to picket the next sitting of the House of Assembly (due on the 19th December) but this will depend on the response of the Prime Minister. While correspondence between the Prime Minister and the Union proceeds, the Union is to boost its campaign to the General Public and Teachers to understand the struggle, through a series of Public Meetings Thomas said.

The SVUT in no uncertain terms sees itself as one of the partners in the whole process of education in this country, and they feel as a Union representing 11 hundred of the 15 hundred teachers here, the respect received is not enough and they are not satisfied. Ms. Yvonne Francis—Gibson, President of the SVUT, said she had expressed dissatisfaction in a formal letter to the Minister of Education in regard to the respect paid to the country's Teachers. Ms. Gibson described the respect shown as being "scant."

The SVUT President said the Teachers, being a leading sector organisation in this country, it is necessary that the Government, through the Ministry of Education, show "in good faith" that it is willing to negotiate with the Teachers Union. Ms. Gibson said that the Union has been writing the Ministry of Education concerning its problems, expecting a reply, but the Ministry has failed to put their thoughts in writing. Neither has the Minister of Education stated whether or not the Government was willing to negotiate with the Union.

The President said, "this is a responsible union made up of quite a number of sensable people and I think that the days of fiddling are done, and it would be in the interest of the Ministry of Education and in the interst on education in this country, that there be a collective agreement with the union."

The SVUT is asking for a restructuring of the salaries in the teaching profession. It is to press for salary increases ranging from twenty percent in some instances to one hundred percent in other instances., The Union is also asking for three months maternity leave for all female teachers. The SVUT is prepared to wait just under a month before positive actions begin the Union said.

Public Service Union's Demands

Kingstown THE VINCENTIAN in English 13 Dec 85 p 6

[Article by Elvis Ollivierre]

[Text] The St Vincent and the Grenadines Public Service Union said at a press conference held last Monday that it has laid proposals before Government for a salaries revision and is hoping that they can be implemented next year. The PSU said that if held discussions, with Prime Minister James Mitchell on December 2nd and with the Director of Finance on December 5th. Ranking high on the agenda in these discussions were the questions of a Revision of Salaries throughout the state, the making of provision for the restructuring of the Public Service and provision for grading and reclassification commencing with responsibility and work requirement of officers.

The PSU said also that it had put forward the view that persons (in both pensionable and nonpensionable post) who have dedicated fifteen (15) years service to this country should automatically become eligible for pension. Also brought to Government's attention was the need for St Vincent and the Grenadines to become a member of the International Labour Organisation, so as to assist in the implementation of conventions that are important to Trade Unions and the people within the Public Service.

The PSU said that Government has indicated that it is in agreement with the Union and has seen the need for salary increases. But the question is, the level of increase, which the PSU hopes will be reflected in next year's budget. The Union claimed that the last salary revision in this country took place in 1981. Then it was agreed that the revision of salaries be on a three year basis. This means that the date for a new salary revision has already passed. The Union represents about 50 percent Government Workers.

The Public Service Union says that they have asked Government to outline the approach it intends to take in addressing the proposals but before it the visit to the Director of Finance was the result of work done by a Research and Development Committee on the PSU.

Meanwhile, the PSU says that it has called on the Management of the St Vincent Port Authority to negotiate a collective agreement by December 16th. The Union represents the signals and grades men there and has prepared a collective agreement on their behalf.

Teachers Union Protest

Kingstown THE VINCENTIAN in English 3 Jan 86 p 1

[Article by Elvis Ollivierre]

[Text]

Several members of the St. Vincent Union of Teachers, on Monday December 30th 1985, picketed the year's last sitting of the House of Assembly in continuation of the protest against Government's delay in starting negotiations on a collective agreement.

The Teachers lined the whole entrance outside the Court House yard carrying picket cards some of which read "collective bargaining is a right" "we are teachers not dogs" "electorial promises should be kept" "negotiate not discuss" "enough is enough" and "our struggle continues".

The SVUT Public Relations Officer Theo Thomas said the purpose of the picketing was to demonstrate the teachers dissatisfaction with the fact that the Government has so far refused to negotiate a collective agreement with the SVUT. He said it was part of the Union's endeavour to involve the Public so as to solicit public support in what they consider to be a just struggle.

Thomas said action will continue until the Union has been given its rights, which is to bargain as laid out in various conventions of the United Nations. The SVUT had said at a Press Conference recently, that the picketing of the House of Assembly would depend on the response from the Prime Minister to a letter explaining the Union's position the seriousness of the problem and the urgency for the Government to begin negotiations on the collective agreement.

Meanwhile, Minister of Education Allan Cruickshank has told Radio 705 that he cannot understand the attitude of the teachers. They seem to be trying to force the Cabinet into an agreement to give the Minister of Education the legal right to negotiate with the SVUT on Government's behalf.

According to Mr. Cruickshank, a Negotiating Team has already been set up to look at proposals prior to negotiations.

The Vincentian contacted the Minister and he said that he would like to point out two things. (1) His disappointment at the aggressive manner displayed by some of the picketers – as though they had come out seeking a confrontation. (2) There had been no reply to the letter sent to the Teachers setting out the Cabinet decisions on the Negotiating Committee's terms of reference and composition.

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ST VINCENT AND THE GRENADINES

EXPORTS BRING IMPROVEMENT IN TRADE DEFICIT IN 1985

FL240222 Bridgetown CANA in English 2321 GMT 23 Jan 86

[Text] Kingstown, Jan 23--St Vincent and the Grenadines' visible trade deficit improved by 9.7 million dollars (one EC dollar; 37 cents U.S.) to 30.7 million dollars during the first six months of last year, according to the Eastern Caribbean Central Bank (ECCB).

The bank in its half yearly report said this improvement was due primarily to the rapid growth in domestic exports.

Total exports grew by 16.3 million dollars to 76.4 million dollars (or 27.1 percent) with domestic exports accounting for 16.2 million dollars of this increase.

Imports moved from 100.5 million dollars to 107.1 million dollars.

The ECCB said, following real growth of 4.5 percent in 1984, the agricultural sector continued to show signs of strong growth in the first six months of last year.

Agricultural exports increased by 14.4 million dollars or 43.6 percent in 1985, compared to the first half-year in 1984, when the value of exports from this sector was 33 million. This sector contributes about 17 percent of real gross domestic production (GDP).

The bank said banana cultivation continues to be the mainstay of this sector despite the diversification and growth of other export crops in recent years.

Earnings from bananas usually account for about 40 percent of the value of agricultural exports. The value of banana exports increased by 32. million dollars, or 20.1 percent, to 18.9 million dollars during the first six months of last year as production continued to trend upwards since the volcanic disruption in 1979.

The bank said the recent appreciation of the pound sterling against the U.S. dollar, to which the EC dollar is pegged (U.S. one dollar; EC 2.79 dollars), helped to boost local currency earnings.

Receipts also improved as a result of the 22.3 percent increase in the average GDP for the first six months of 1985 compared to the same period a year earlier.

The export of vegetables to neighbouring CARICOM markets in Trinidad and Tobago and Barbados grew rapidly during the first half of last year. The value of these traditional export crops increased by 11 million dollars, or 67.9 percent, to 27.2 million dollars, with the largest increases coming from eddoes and desheen, 5.8 million dollars; tannias, 2.4 million dollars; yams, 1.6 million dollars; and sweet potatoes, 1.1 million dollars.

Arrowroot exports were valued at only 0.3 million dollars higher than the 0.6 million dollars earned in the corresponding period of 1984, while the volume exported increased by 62.6 percent. Earnings increased by only 47.5 percent, reflecting a 9.3 percent decline in the unit price.

Since 1982, the arrowroot industry has been adversely affected by lack of markets and low prices as a result of competition from Brazilian and Chinese-grown corn.

Exports of flour, which are mainly to regional markets, increased in value by nearly 50 percent during the first half of 1985 as earnings grew by 3.1 million dollars to 10.1 million dollars, while coconut exports declined by 0.1 million dollars or 32 percent to 0.4 million dollars as a result of a temporary restriction imposed to protect the local copra and coconut oil industries.

The bank said there were signs of growth in the tourist industry despite the fact that total arrivals declined by 27.1 percent. Stay-over visitors increased by 2,995 or 15.9 percent in the first six months of the year after showing only marginal increases in recent years.

Cruise ship arrivals, which had increased by 215 percent in 1984, declined by 48 percent in 1985 apparently due to the reopening of facilities in Grenada following the political events of 1983.

Arrivals from the major tourist markets increased during the period under review with the largest increase coming from the United States as a result of increased tourist promotions as well as the relative strength of the U.S. economy.

However, visitors from other Caribbean Community (CARICOM) countries still provide the majority of stay-over visitors at 37 percent. Visitors from the United Kingdom showed only a marginal increase of 0.5 percent. However, visitors from other European destinations showed a more substantial increase of 13.3 percent.

The bank said the rate of inflation as measured by the consumer price index increased by 0.4 percent for the first six months of last year as compared with a negative rate of 0.1 percent in the same period in 1984.

For the year ended June 1985, prices rose by 2.6 percent, indicating the upswing in prices started in the second half of 1984. During 1985, the food and beverages index declined as a result of lower imported prices as well as increased domestic supplies. Tobacco and alcohol, and clothing and footwear declined by one percent and 0.5 percent, respectively. The largest increase occurred mainly in furniture and domestic appliances, 7.3 percent, and fuel and light, 5.5 percent, subindices.

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Latin America Report

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ANDEAN PACT NATIONS DISCUSS NEW MODEL FOR INTEGRATION

Lima EL COMERCIO in Spanish 8 Dec 85 p F-1

[Article by J.Z.S.]

[Text] On a modern university campus with futuristic lines, located on the lower slopes of one of the hills surrounding Bogota, the Monserrate, a number of experts, protagonists and former protagonists in the process, economists and journalists met last week, at the behest of various institutions, to witness the birth of the new integration model.

The subject of discussion was Andean integration and communication. The questions pertained to how the frame of integration can be kept alive, what communicators and journalists in the Andean Pact should do in this connection, and what the role of businessmen, workers and politicians is, among other things.

The conclusion resulting from the statements and discussions was obvious. The subregional process is stronger than ever, nurtured by the paradoxes developing along the way, and this is the time for pragmatism and readaptation (reinsertion, the experts call it) in the world economy, as a result of the spectacular changes in technology.

More than 50 guests spoke during the 5 days of long and exhaustive debate, made more comfortable by the commodious facilities and comfortable seats in the auditorium of the Colombia Day University.

The gathering was organized by the Friedrich Ebert Foundation of the FRG, the European Community and the CIESPAL [International Center for Advanced Journalism Studies for Latin America], and was cosponsored by the Latin American Data-Processing Center of the Presidency of the Republic of Colombia, the Institute of Higher Development Studies at the Colombian Ministry of Foreign Affairs, the Regional Third World Studies Center, and the university mentioned.

The participants included Jaime Salazar Montoya, presently a member of the Cartagena Agreement Council; former coordinator Edgar Moncayo; the president of the Andean Business Council, Gonzalo Garland Iturralde; former ministers Jorge Valencia Jaramillo and Juan Pereira Florillo; experts, such as Ignacio

Basombrio Zender and Gustavo Florez; skilled technicians such as Guillermo Maldonado of the ECLA [Economic Commission for Latin America] and Martin Arocena, of the Latin American Integration Institute; and journalists and economists from the region and the European Community, including Franco Teuchi, Alicia Puyana, Olivia Mora, etc.

Discussion was encouraged by Dr Peter Schenkel, of the EBERT, who presented a polemic and provocative work on the technological revolution, providing many of those participating with a real "cold water bath."

The International Horizon

With a view to making a better assessment of the situation, an understanding of the short- and medium-range view of the international economy and how it affects us in the field of integration was desirable.

Guillermo Maldonado, of the foreign trade division of the ECLA, painted an alarming picture.

"The changes, shifts, instability and uncertainty in the international trade system, as well as in finance and monetary matters, reflect the profound crisis in the international system created following World War II, while no new order has taken shape. Instead we have a period of transition toward it, characterized precisely by the obsolescence of the multilateral regulations of the GATT [General Agreement on Tariffs and Trade] in the commercial sector, like those of the IMF [International Monetary Fund] where financing is concerned, in terms of the realities of the present and the prospects for the future.

"A profound structural change can be seen in the economies of the industrialized countries, with their shift toward the service sector, high technology and the globalization of the world economy, erroneously called interdependence, since in reality it represents greater dependence for the developing countries, with greater need for the activities promoting new development in the industrialized countries."

What can be done in view of this?

Maldonado recommended that regional cooperation and integration be deepened, and he suggested that a commitment be made to recovery of the levels of trade among our countries at least to the level we enjoyed in 1981.

"What tools should be used? All of those available to us. "Compensated trade, barter, obtaining fresh resources, the mutual payment and credit mechanism we organized and which the Central Reserve Bank of Peru `monitors'.

"We have in addition to find a way to join together two processes which to date we have developed in isolated and unconnected fashion--regional cooperation and integration.

"If we link them together in organized fashion they could each enrich the other, and we would have rather better prospects."

Negotiation Capacity

"Finally, we must seek to organize and exercise the capacity to negotiate in an international context...in order to safeguard the interests of Latin America in this whole process of integration we are experiencing.... How, for example, can we combat the protectionism of the industrialized countries? Only if Latin America learns to use its purchasing power can the industrialized countries be made to understand that a market of 300 million persons is important in terms of their exports.... Only thus can we move from a position of mere demands and begin to negotiate on much more equitable terms, and with some degree of balance.... If these two lines of policy are not utilized with skill and political decision, the prospects for the region will involve considerable difficulties."

Recommendations of Salazar

The acting coordinator of the Cartagena Accord Council, Jaime Salazar Montoya, took up the question of the change in the integration process resulting from the development of the international economy.

"The world economic crisis and the new concepts of development, as well as other realities experienced by all countries and the recent international readjustment, have made clear certain aspects of the process which need to be changed and updated, such as to adapt them to the current needs.

"We are proposing a draft protocol amending the Cartagena Agreement such as to create a new model of integration with the participation of all social sectors, since we are convinced that without the participation of the businessmen, the workers, the professional unions, the universities and the decisive mass media sector in particular, integration cannot be established within this encouraging proposal which is needed if we are to emerge from the current situation of underdevelopment.

"This proposal calls in addition for the establishment of certain periods of time needed for its development, new functional methods for some basic mechanisms, the incorporation of economic and social cooperation activities, the introduction of more flexible methods of industrial program. Specifically, we must through the joint action of the five countries, achieve a better involvement in the international economy. Finally, it calls for a system of market organization as a special measure, and an approach involving gradual progress toward making our economic policies harmonious."

Salazar was very clear. "The crisis we are experiencing demands a complex of emergency measures which will help to dealing with the worst effects of the economic recession, and in this connection, the benefits provided by integration will provide compensation.... However, we must not lose sight of the need to proceed with the establishment of the foundations for profiting from the recovery of the world economy, when this comes about, to the maximum.... Each separate country today faces a difficult but unavoidable challenge, with the need to redirect the process of economic and social development boldly in order to reincorporate it in the world of the future."

Salazar concluded that, for the Andean Group, "it is a question of creating a new complex with its own political economic and social characteristics.... It is clear that if individual relations with the world market is chosen as the alternative, relying on the strategy and solidarity of the rich countries, Andean integration will have little to offer.... If on the other hand we decide to choose the path of dynamic development from within, making use of our human potential to make the best use of our resources, to apply the new technologies boldly and intelligently, and to see to the basic needs of the people efficiently, then indeed integration has much to offer.... We must acquire or develop sufficient capacity to be able to act independently politically and economically, to negotiate better with third parties and even to provide better safeguards for the survival of the national states."

Participation by Businessmen

Gonzalo Garland, head of the Peruvian Exporters Association and the new president of the Andean Business Council, spoke at the gathering on behalf of Andean businessmen.

"We have indicated our concern about the slowness of the process and we have recommended that the countries undertake joint action where the export of our products, whether traditional or not, is concerned, with priority for those with the greatest added value.... We have had common problems with the developed countries, such as compensatory duties on various products, and yet at no time have we been able to act jointly.... We must undertake a study of the new U.S. trade law, so let us proceed with a united spirit where our negotiating capacity is concerned....

"We believe that the business sector should play a more active role in the process of integration, depending less on our government."

Garland made a fervent appeal for unity, saying that "each time that we meet, we refer back to the origins of our independence and the unity we had.... But we have acted in different ways.... We have not even heeded the advice of our liberators.... It is not a problem then of imperialism, but of our lack of unity, the lack of decision, the lack of concrete achievements, and this is what we must achieve."

The euphoria which followed this meeting led us to exclaim, in the words of the Italian Franco Teuchi: "To unity, Andean compatriots."

5157
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GUATEMALA, OTHERS DENY BELIZE OAS MEMBERSHIP

Guatemala City PRENSA LIBRE in Spanish 13 Dec 85 p 6

[Text] Guatemala's firm stand and the support of friendly countries prevented Belize and Guyana from becoming members of the OAS at the special assembly in Cartagena de Indias, Colombia, Foreign Relations Minister Fernando Andrade Diaz-Duran stated.

The minister indicated that "it is not true that the Guatemalan delegation approved striking Article 8, which prevents both Belize and Guyana from becoming members, from the OAS Charter."

He stated that the Caribbean communities made a motion through the Costa Rican delegation to amend the charter, but Guatemala and Venezuela, working together closely, appealed to friendly countries such as Peru, Brazil and Uruguay, and got the debate postponed for 5 years.

Foreign Minister Andrade emphasized that the Caribbean communities sought the reforms so that Belize and Guayana could immediately join the OAS.

In its official address and during the debate Guatemala clearly voiced its position of "not recognizing Belize as an independent state and of not recognizing its land or sea borders" until a solution that takes into account the interests of the parties involved is found."

The issue will not be discussed for another 5 years. The minister recalled that at times amendments that are approved take a long time to be ratified.

He cited the so-called "Pact of Colombia," which after 20 years has neither been ratified nor implemented.

"This government is quite pleased with the efforts regarding Belize. We have always maintained our firm stand of not recognizing it as an independent state. The new government will now carry on the effort.

"The constitution of the republic, which takes effect this January, leaves open the possibility of a definitive solution, but any decision will be put to a referendum.

"For the time being," he concluded, "our efforts have been successful, especially in the OAS, inasmuch as Belize cannot seek membership there for another 5 years."

8743
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ARGENTINA

NEW GOVERNMENT POLICIES ANALYZED

Buenos Aires SOMOS in Spanish 4 Dec 85 pp 4-10

[Article by Hernan Pereyra: "Where Is Alfonsin Headed?"]

[Text] A new strategy has appeared in the wake of the speech in the Parque Norte: relations with the United States, the Austral Plan, political pacts and changes in the administration are the main points on the agenda at the Casa Rosada.

When President Raul Alfonsin finished reading the 88 pages of his speech to the plenary meeting of the UCR [Radical Civic Union] national committee at 1100 hours on 1 December, the curtain had been lifted on one of the enigmas that had most baffled political leaders and observers over the past 2 years: the ruling party had just spelled out its domestic strategy.

"If the call (for a democratic and a social pact) is heeded, it must lead to common ground among political forces and to understandings among social organizations. Fundamentally, it entails a proposal for specific economic, political, social, educational and institutional reforms," the president stated.

The call, which includes the UCR's willingness to take in members of other political groups, will go out soon. Changes are on the horizon:

--For the present, there will be new faces in the administration, though not at the ministerial level;

--The sphere of influence of Juan Sourrouille's team will expand;

--The CGT [General Confederation of Labor] and business will be asked to hammer out a social pact that will serve as a framework for a sectoral understanding;

--There will be major new developments in the UCR's nominating caucuses [la interna];

--Political parties will be called on to establish a democratic pact like the ones in Spain or Venezuela.

Behind the Scenes

Raul Alfonsin's speech spelled out the administration's and the ruling party's strategy for the times ahead. Economic policy (the Austral Plan) and foreign policy (a rapprochement with the United States) had been charted earlier. In this speech those policies were complemented with a strategy for the domestic front.

In his long and even somewhat boring speech the president basically addressed the need to hammer out two major national accords: a democratic pact like "La Moncloa" in Spain or "Punto Fijo" in Venezuela, and a social pact to prevent sectoral explosions and provide a framework for a series of understandings in individual sectors.

The number one priority is to modernize the country, but as part of a major effort at solidarity and while leaving behind the sectoral struggles with authoritarian overtones that characterized the past. There is a long history behind the strategy spelled out in the president's speech, and it obviously heralds several moves by the administration and by the Radical Civic Union as a party.

The backdrop to the speech began emerging about 2 months ago when the president appointed a four-member commission and put spokesman Jose Ignacio Lopez in charge of it. None of the four are prominent in politics or in the public eye; it was learned only that one belongs to Juan Sourrouille's team; another is a journalist and a third is reportedly a political analyst.

The commission held lengthy meetings with Alfonsin, who ferreted out its members' political ideas. Several leading party officials, such as Edison Otero, Cesar Jaroslavsky, Juan Carlos Pugliese, Enrique Nosiglia, Juan Manuel Casella and Leopoldo Moreau, also filed past the commission.

Each leader put forth his views on specific issues that the president had wanted discussed. The commission completed its work some 10 days ago when it handed in all of its drafts to the president, who synthesized them on his own.

He chose to deliver his speech at the plenary meeting of the UCR national committee, at which the new party officers, headed by Edison Otero and Alfonsin himself, assumed their posts. The president felt that he should avail himself of the party organization to carry the new strategy forward and that it should have growing influence within the administration.

But Alfonsin's speech to the "new party," which he called open, was an elliptical appeal to abandon certain Radical attitudes. The new party is seen as part of the historic movement that will give Argentina "100 years of democracy" and that will expand its ranks with socialists, Christian Democrats, Liberals and Peronists.

Alfonsin said as much towards the close of his address when he referred to these parties as the ones that will enrich the new open Radicalism. These words brought one of the biggest smiles in memory to the face of Juan Carlos

Pugliese, because it represents no less than the triumph of the longstanding Balbin philosophy in contrast to the doctrinaire approach of the Coordinating Board.

The younger members of the Coordinating Board (Marcelo Stubrin, Luis Caceres, Enrique Nosiglia, Federico Storani, among others) had been arguing that the "third historic movement" needed to be established around the Radical Party alone. The longstanding members of the Balbin faction, led by Pugliese, stressed the need for a "synthesis capable of mobilizing activists who have been involved in all of the country's historical experiments, of which Radicalism is but one."

But this was not the only tenet of the Balbin faction that triumphed on this occasion. The proposal to hammer out a democratic pact had already led to bitter internal debate among Radicals in 1983, but it was turned down. Reluctantly and almost to avoid snubbing them, Alfonsin then signed the famous Democratic Charter that the Christian Democrats were pushing and in the drafting of which Jose Ignacio Lopez was involved.

The idea of a social pact goes hand in hand with the democratic pact. A social accord would provide the framework for future understandings in individual sectors. This is why many Radicals are recommending that Alfonsin's meeting with Saul Ubaldini be watched carefully. "Those who look only at the surface of that meeting are making a mistake," men close to the president proclaim. The idea floating around in the heads of the Radical leaders who filled Parque Norte was that the two men were going to discuss not only immediate grievances of the labor movement but something much more important as well.

In the wake of the speech, the next moves that the administration makes are significant. A man in Alfonsin's inner circle of advisers said that "the changes in the administration will come right away," though he did not specify dates. There will be no changes among the ministers, but there will be among secretaries, undersecretaries, and executives in several state-run enterprises, especially the enterprises that failed to observe the guidelines of the Austral Plan.

The influence of Juan Sourrouille's team will also be expanded, as it will be assigned several major economic posts that are now held by party figures. An attempt will be made "to lend coherence" to the overall economic team, and to this end there will "touch-ups" at the Central Bank, though its highest authorities will not be affected.

Once these changes are in place, once the social pact has been proposed (perhaps over Ubaldini's opposition) and once the forces have been realigned for the party's nominating caucuses, the call for the democratic pact will be issued, as part of a political agenda that could lead in 1986 to a concerted call for a reform of the constitution.

The democratic pact will call for a commitment to reduce the budget deficit, pay back the foreign debt, boost real wages, promote reform in education and

health care, agree on a health insurance law under which social benefits will be allocated, and define a model for the Armed Forces, and it will also address the country's main problems and spell out answers to them.

The social pact will draw the line on sector feuding so that understandings can be reached one by one in each of them. What the Radicals are proposing are guidelines such as no price increases, priority for export businesses, boosting wages in a noninflationary manner, and a commitment not to increase utility rates faster than the rise in the cost of living.

This is quite an agenda, though the Peronists are complaining that all of this should have been done in 1983, the Intransigents contend that these are just good intentions, and the Liberals assert that it is fireworks to divert attention from internal strife.

Whether the criticisms are valid or not, the 2-year old administration is putting forward a comprehensive agenda: It has spelled out an economic program with its Austral Plan; it has decided on a foreign policy that calls for closer relations with Washington, and it is now proposing domestic pacts and alliances in a bid to stabilize our democracy.

What Is at Stake in the Party

In contrast, the party will take action on the political accord. Edison Otero has clear-cut instructions to issue the appeal from the Radical national committee, but only after taking care of certain matters connected with the nominating caucuses.

The agenda for the party will be revealed on Saturday the 7th when the assembly of Renewal and Change of Buenos Aires meets in San Miguel. The major surprise is that the Coordinating Board will be excluded from the UCR's largest movement.

"The mask of Fernando VII will no longer be of any use to them," a veteran Radical leader told SOMOS. He was alluding to the approach that the Coordinating Board takes as a faction within a faction "claiming the administration's successes as its own but never its mistakes."

The Buenos Aires Coordinating Board, led by Federico Storani, recently elected its own officers and established its own bylaws, and the longstanding members of Renewal and Change interpreted these moves as a virtual declaration of hostilities. To better understand what the exclusion of the Coordinating Board from Renewal and Change will mean, suffice it to say that the latter is headed by Edison Otero and counts Juan Manuel Casella and Leopoldo Moreau among its members.

The plenary meeting of Renewal and Change will call on all of the party's factions without exception to join the majority faction "as a sort of amnesty for all," a Buenos Aires leader explained. Naturally, leaving the Coordinating Board out in the cold and calling on everyone to join permits only one political interpretation.

The interpretation, the Radicals say, is based on the fact that the factions as they used to be known no longer exist. From now on there will be an "orthodox" Alfonsin faction; the rest will be "heterodox." The obvious aim is to keep Storani and Caceres, the two biggest rebels in the youth faction, out of the orthodox group and to bring the metropolitan Coordinating Board, led by Enrique Nosiglia and Marcelo Stubrin, inside it.

It will not be an easy task. Caceres demonstrated at Parque Norte that so far he is winning his battle with Nosiglia. Not only did he get Anibal Reinaldo elected as the party's third deputy chairman (in open opposition to Eduardo Grosso, deputy governor Eduardo Angeloz' candidate) but he also carried the entire Coordinating Board along with him.

Alfonsin had "decreed" that the officers of the new national committee would be headed by himself as ex officio chairman, Edison Otero as alternate chairman and Cesar Jaroslavsky and Ricardo Barrios Arrechea as first and second deputy chairmen respectively.

The order from Olivos said nothing about the role that was to be assigned to the Cordoba Line, led by Angeloz, nor about who should be third deputy chairman. This post was created in 1983 to satisfy the aspirations of a then disheveled young man from Santa Fe who had decided to do battle with the party's new president, who was seeking the presidency of the nation: Raul Alfonsin. Caceres turned down the appointment, however, preferring to be the first among the secretaries. Alfonsin then offered the post to Felipe Llaver, a member of Renewal and Change who was speaking out against certain contacts and flirtings with Peronism. Llaver accepted, but Antonio Troccoli immediately came out and said that he would never accept a post "below Caceres." Llaver thus resigned the third deputy chairmanship, which was left for the current interior minister.

Llaver wanted the post. His argument was simple: why should Barrios Arrechea be elected second deputy chairman and he just secretary when both had gotten 51 percent of the vote in their provinces. Hipolito Solari Yrigoyen, the delegate from Chubut, had gotten the Patagonian provinces' support in his bid for the post as well.

Angeloz' reasoning was that since the Cordoba Line had been an ally of Renewal and Change since 1972 (in opposition to the Balbin faction) and had thus made it to the vice presidency of the nation and to the post of party deputy chairman as well in 1983, it ought to retain a post in the party's upper echelon.

At 1600 hours on Saturday Caceres repaired to a bar next to the assembly hall and muttered to his closest followers: "We've got a majority of the votes. Go and tell the provinces that Reinaldo is third deputy chairman unless an order to the contrary comes from Olivos."

Solari Yrigoyen withdrew his candidacy after some initial sparring but assured himself a secretariat. Llaver was too isolated, and the battle boiled down to Santa Fe and Cordoba. Around 2000 hours Caceres asked for a meeting among

Coordinating Board leaders. Caceres, Nosiglia, Carlos Becerra, Ruben Chebaia from Tucuman, Oscar Quezada from Neuquen, Marcelo Stubrin, Jesus Rodriguez, Facundo Suarez Lastra, Federico Storani and other leaders of the faction stood amid the cars in the Parque Norte parking lot and talked things over. "Guys, we're Peronizing the nominating caucus," a leader from the capital said, explaining that "we shouldn't go to a vote for a worthless post. We already have six posts, and from there we can move ahead calmly." Caceres, in contrast, kept arguing that they had to make use of their majority "to end the reign of the old boys."

Caceres won out, and Federico Storani, Marcelo Stubrin and the Santa Fe leader went off to "confess" to Otero, Jaroslavsky and Barrios Arrechea in a corner table of a spacious restaurant alongside the assembly room. The delegations from all of the provinces had filed past that table, explaining their views and what they wanted within the new leadership.

Cordoba's reply came from Grosso: "We're not going to let up. Let it go to a vote, a yea-and-nay vote," which was a way of applying pressure to gauge where loyalties lay. The give-and-take that began at noon on Saturday ended at 0330 hours Sunday morning. By the time that President Alfonsin began speaking at 0900 on Sunday, the faces of the Radical leaders bore the unmistakable signs of the previous day's labors. Entre Rios Governor Sergio Montiel had not shaven; Caceres and Storani arrived late, looking as though they had just gotten out of bed.

Caceres' triumph must be gauged from two angles: He won the Coordinating Board's caucus over Nosiglia, who wanted to compromise, and he cast doubts on Angeloz' future presidential chances. "But there is no reason to jump the gun on this latter point," said someone in the know about the way that the UCR operates. Since Renewal and Change plans to take its call from Buenos Aires to the entire nation, Angeloz would reportedly be one of the people in its sights. Having him lose to Caceres was a way of telling him that his future in the party without Renewaland Change is not going to be easy.

In the meantime, Juan Carlos Pugliese and the leaders of National Line were informed of Renewal and Change's call, but Caceres and Luis Leon were not.

The people from Cordoba and Llaver were annoyed as they left the national committee plenum; Llaver refused a post as secretary but did put someone from his province in the position. The representatives of the provinces that were left unrepresented on the new slate of officers also complained bitterly. It so happens that these are the provinces in which internal rifts are irreconcilable: San Luis, Corrientes, La Rioja, Formosa and Tierra del Fuego.

The Coordinating Board also questioned the idea of having Luis Leon's Yrigoyen Affirmation Movement and Pugliese's National Integration Movement represented among the officers. On advice from Alfonsin, Otero forced the stubborn youngsters to give in.

The president's proposal is an invitation to open up the party of Yrigoyen and Alem (Will it be Alfonsin's party too if his strategy is successful?) to

Socialists, Christian Democrats, Liberals and Peronists. One could see that something had changed in the UCR if one recalled the previous plenary session of the national committee in 1983. The over-50 group predominated, and the style of Ricardo Balbin was still alive. This time one had to look hard for the older generation (Otero, Pugliese and Loborio Pupillo were almost the only ones), and those barely 30 years of age were predominant. "This is the party that Raul Borras wanted. What a shame that he didn't live to see it," Alfonsin reportedly said almost with tears in his eyes.

A New Verb: To Peronize

One of the main concerns of Radical leaders (in Renewal and Change and the Coordinating Board alike) was "to prevent the (party) caucus from becoming Peronized."

Apparently, President Raul Alfonsin indicated this shared concern at Olivos to a well-known group of party leaders from several factions, who then spread the idea around. It was as a result of this effort to prevent a Peronization that several districts were left unrepresented among the new officers on the national committee.

The provinces in which the internal feuding has been the most severe, such as Corrientes, La Rioja, San Luis, Formosa and Tierra del Fuego, were virtually penalized: their representatives will not be among the new officers. For example, it was said that there were no party authorities in Corrientes and that the courts will decide who won at the most recent caucuses. Similar developments are taking place in the other districts.

The Radical leaders' idea is to reduce the "voltage" at the caucuses and pare them back to a size in which only the pros can take part. In his talk at Olivos Alfonsin told them that the caucuses ought to be once again what they used to be: a suitable opportunity for leaders to discuss and solve problems without much hue and cry. Since the president is not willing to let go of the party's helm, perhaps the next caucuses will be less virulent on the surface.

For the Time Being, a Draw

The start of the new session of Congress does not bode well for an auspicious relationship between the Radicals and Peronists. The main opposition party will chair six committees instead of seven and will no longer hold the deputy chairmanship of Budget and Finance. The controversial Diego Guelar remains, in theory, on the sidelines. The Peronist Party, moreover, retains six chairmanships, but not of the importance of Commerce and Housing. These two committees are now in the hands of two longstanding members of Rewewal and Change, as this faction, spurred on by Leopoldo Moreau, struggles to gain ground inside the party, preferably at the cost of the Coordinating Board.

The Radicals reached an agreement to diminish Peronism's power, since it dropped from 111 to 103 seats, but they found it hard to establish common ground on the apportionment of posts in the party bloc and in the legislative

committees. The offensive against the Coordinating Board was not successful, as Luis "Changui" Caceres defended his turf tooth and nail and managed to "castle his king." Roberto Sammartino, who is from the same province, handed over the chairmanship of the Labor Legislation Committee to Ricardo Terrile, from the JCN, while Terrile's former post as secretary of the General Legislation Committee went to Carlos Spina. Santa Fe still had them all. It took some doing, but Moreau finally got to be first vice president of the party legislative bloc, which rests on a solid alliance between longstanding members of the Alfonsin faction and the Balbin faction. The Coordinating Board also took the chairmanship of the Science and Technology Committee but failed to displace Guillermo Tello Rosas from the Energy Committee. The Radical bloc's caucus left some scars, though. Florentina Gomez Miranda from Buenos Aires tried unsuccessfully to fight the top echelon's decision to compensate the Peronists with the Family and Minors Committee. Perhaps River Plate legislators are the most worried: Boca boss Carlos Bello, who to many is a "black monk" of the blue and gold fans, will chair the Sports Committee.

8743
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ARGENTINA

CASELLA RUNNING FOR GOVERNOR OF BUENOS AIRES

Buenos Aires SOMOS in Spanish 11 Dec 85 pp 16-17

[Article by Hernan Pereyra]

[Text] "We want Casella, we want Casella," was the tireless chant heard at the San Miguel Club on Saturday the 7th, providing a noisy backdrop to the meeting of the traditional [historico] faction of Renewal and Change in Buenos Aires Province, a faction headed by Leopoldo Moreau and Juan Manuel Casella. Described as a "gathering of friends," the meeting actually served a dual purpose: to oust the Coordinating Board from Renewal and Change and to confirm Casella's candidacy for provincial governor in 1987.

The decision to hold the meeting had been known of for at least a month, and it was also known that the members of the traditional faction (who now want to drop that label and to be known just as Renewal and Change) were going to leave Federico Storani's provincial Coordinating Board out in the cold. Their argument was that since the board had held its own provincial plenum in City Bell 2 weeks before, elected its own officers and enacted its own bylaws, it had formally established itself as a separate party faction.

Storani and his followers tried last week to head off the divorce, made a big fuss and cited the call for unity that President Alfonsin made in his speech at Parque Norte. They did achieve something: the chairman of the National Committee, Edison Otero, who is also the president of Renewal and Change, decided not to attend the San Miguel meeting, and the National Integration Movement, which is led by Juan Carlos Pugliese, publicly cautioned that roiling the party caucuses right now was not a good idea. This was a diplomatic way of saying that they were not going to take advantage of the Coordinating Board's ouster to join Renewal and Change.

But neither the description of the meeting as informal nor Otero's calculated absence was able to detract from the importance of the traditional faction's get-together, nor did it soften their determination "to put an end to this farce of them (the Coordinating Board) being a faction within a faction. If they elected their own authorities and drafted their own bylaws, let them remove their mask and act like an independent faction," said one of the party's best-known leaders on Saturday.

One national senator, Adolfo Gass, about 30 provincial legislators, some 20 national representatives from the province, more than 30 mayors, and close to 60 committee chairmen were there to reaffirm the traditional faction as the largest in the Buenos Aires. As if all this were not enough, Governor Alejandro Armendariz issued a public statement supporting Casella's candidacy.

Armendariz is, of course, trying to gain ground in the troubled waters of the UCR [Radical Civic Union] in the province. His aims are to have his government minister, Juan Portessi, run for deputy governor and to run himself for chairman of the provincial committee in 1987. As far as the latter goal is concerned, he will be clashing with Casella and Moreau. The fact is that the candidates are many and the posts few.

The next step will be the party's provincial convention (probably on Saturday the 14th), which the Coordinating Board will now have to attend as an independent faction given its former colleagues' refusal to recognize it as part of Renewal and Change. The convention is supposed to assess the results of the 3 November elections and will perhaps be the place where Casella kicks off his campaign for governor.

The San Miguel gathering issued a document urging the other factions to work together. To prevent misinterpretations, it named names: National Line, National Integration Movement and the Coordinating Board.

Speaking from the rostrum, Moreau responded to recent assertions by Storani, though he did not mention either him or the Coordinating Board by name. Casella, in contrast, as a future candidate and as chairman of the provincial committee, chose to echo Alfonsin's speech at Parque Norte and to explain the party's future tasks in the province, without referring explicitly to the internal strife.

Among the future ramifications of the San Miguel meeting, special attention should be paid to the evolution of the alliance between Moreau and Casella, on the one hand, and the Coordinating Board in the Federal Capital, led by Enrique Nosiglia and Marcelo Stubrin, on the other. This alliance gave the former leaders virtual nationwide control of the party, above all owing to the paralysis of the National Committee chaired by Victor Martinez.

The maneuver by Casella and Moreau is also designed to exploit the Coordinating Board's internal climate on the national level. Nosiglia has major disagreements with Storani and Luis Caceres. Moreover, both Nosiglia and Stubrin, along with Moreau and Casella, are among the leaders who see Alfonsin often. Caceres is not. The ultimate goal is to have a party with only two factions: the Alfonsin faction and the heterodox faction. And they would like to isolate Caceres and Storani in the latter.

Within the Alfonsin faction the traditionalists obviously want to weaken the Cordoba Line, Pugliese's National Integration Movement, National Line, National Cause from Mendoza and other factions from the provinces. Among the rebels Luis Leon remains. In light of all this, many are wondering what Raul

Alfonsin thinks. Will he denounce the rebels and support Casella and Moreau, or like Otero, will he stay out of the squabbles among his followers?

The Response

Federico Storani, the leader of the embattled faction, had no choice but to face the facts and said that the San Miguel meeting, to which he was not invited, had served to "untangle" [sincerar] the party's nominating caucuses. Nevertheless, he hastened to claim that he and the Coordinating Board represented the orthodox Alfonsin faction.

"The members of the Coordinating Board have been behind the president from the beginning," Storani roared, alluding to the criticisms that the traditionalists have been voicing to the effect that the youth sector supports the administration's successes but distances itself from and takes advantage of its mistakes. The head of the Coordinating Board left the door open, however, to a future understanding, indicating that "it remains to be seen whether they will build the bridges for an understanding within the party."

Storani has been in charge of the Coordinating Board in Buenos Aires since the plenary session in City Bell 2 weeks ago. The meeting demonstrated that there was harsh internal criticism of the role that the group's top man was playing and that Luis Caceres had extended his influence from Santa Fe to several spots in the country's largest province. The Coordinating Board's problems were solved at City Bell, but the traditionalists played a dirty trick on it.

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ARGENTINA

INVESTMENT PLAN FOR 1986-1990

Buenos Aires SOMOS in Spanish 4 Dec 85 pp 38-40

[Article by Andres R. Alcaraz; passages enclosed in slantlines printed in boldface]

[Text] The /Grinspun Plan/ is still on course. In the next few days the government will have to give the thumbs-up or the thumbs-down to the internal discussion draft on the 1986-1990 investment program that was prepared by the current secretary of planning. SOMOS has obtained an exclusive copy of that draft, which it is revealing here.

Within the overall framework of the National Development Plan, one of the chapters (which took up 136 pages) of the draft is devoted to the National Public Investment Program. It begins with the statement that /"public investment has grown relatively more than any other variable in recent years, in an economy characterized by stagnation and regression,"/ which led to /"a larger share of public spending and became a factor of significant additional indebtedness. This process resulted in a huge budget imbalance, and given the lack of sources of genuine financing, the government was forced to print more money."/

The objectives for public investment are summed up in four points:

--Consolidate the economic and social infrastructure in order to achieve steady growth, a process in which /the private sector is to play an active role./

--Strengthen the state in all its basic functions, /abandoning complementary functions that slow down and impede the development of a modern, streamlined, efficient state./

--Correct regional imbalances, strengthening federalism, in order to strengthen the democratic structure.

--Improve the general well-being of the public by increasing private and public productivity steadily--the only appropriate way to bring about that improvement.

The plan directed by Bernardo Grinspun states that /"the lack of sufficient investment is a restriction that should initially be overcome through international capital infusions and the alleviation of external obligations; but the underlying cause of Argentina's slump would remain untouched if the problems of investment productivity are not also addressed. The transfer of larger amounts from private investment to public investment actually resulted--because of the productivity differential--in a decline in the economic growth potential of both sectors."/ The study reaches the conclusion that there is /"an urgent need to restructure and modernize the functions of the state, while also making possible a growing participation by society through the privatization of growth."/

In this regard, the proposed actions are the following:

--/The state can be restructured/ through the division, partition and merger of units that produce goods and services. The priority objective is to /reduce the concentration of economic power in the hands of the state, in favor of more social control./

--The state must /decentralize/ to achieve greater efficiency and to strengthen federalism. The transfer of activities or functions to the provinces will enable the users to exercise greater control. In addition, /it will facilitate personnel cutbacks/ in cases of overlapping and redundancy.

--/Deregulation will arise as a consequence of the restructuring and privatization,/ in some cases, and in others, due to the /removal of certain bureaucratic regulations,/ as entities vested with police powers are eliminated. The essential goal is /to stimulate private participation in a competitive environment./

--/Privatization, along with the other actions, will improve the overall efficiency of the public sector by limiting the state's participation in activities that are not priority and do not serve social or promotional functions.

When investment in the public sectors considered crucial is broken down, the following initiatives and definitions emerge:

--Energy: It will undoubtedly play a /key role./ Overall investment in exploration over the next 5-year period can be estimated at an average of /$200 million per year./ Of that amount, a high percentage may come from the private sector. To increase oil production, public and private activity put together could generate an investment of approximately /$1 billion per year/ for the next few years. The private sector could invest /$300 million per year/ just to exploit high-cost, marginal areas, for secondary recovery, and for the repair of wells. Plants will be required to prevent burn-off, and they will cost up to /$70 million per year./ To use that gas in industry (for fertilizers, methanol, methane byproducts, etc.), possible investments total about /$150 million per year./

--Transportation: The principal objective for the 1986-1990 period is to recover historic levels of investment, with a tendency, moreover, toward

restructuring. By the end of the 5-year period, therefore, it is expected to account for 23 percent of total public investment ($4.413 billion). The investment program for the National Highway Office projects its resources to total /$1.454 billion/ by 1990; 26 percent will be earmarked for the reconstruction of paved roads, 30 percent for paving dirt roads, 17 percent for expanding the capacity of existing roads, and 10 percent for laying gravel on dirt roads, while the rest corresponds to bridges, minor works, and emergencies. For Argentine Railways, investment is expected to total /$2.256 million/ (70 percent of that amount represents purchases of hauling and towing material). The General Port Administration will receive a total of /$242 million/ during the 5-year period: The port of Buenos Aires will account for 45 percent of the total, La Plata 18 percent, and the ports of Patagonia 10 percent. Another $134 million will go to the Argentine Shipping Lines (ELMA), primarily for the construction of six multi-purpose vessels of 20,000 tons each. Argentine Airlines will be given $616 million to install a testbed.

--Communications: 90 percent of the sector (8 percent of National Public Investment and 0.4 percent of the Gross Domestic Product) corresponds to the National Telecommunications Enterprise (ENTel), which intends to install 1 million phone lines over the 5-year period (Megatel Plan) at a cost of approximately /$886 million./ As for efficiency, the state telephone enterprise proposes to improve its productivity index over the coming years from 22 employees for every 1,000 lines to 14 employees for that number of lines.

--Agriculture and Livestock: The country has major comparative advantages--especially in the Pampas region--which in recent years have been strengthened through technological advances that have boosted productivity growth, with the consequent possibility of expanding the amount of grains available for export. To achieve that objective, /it is necessary to increase the farmer's profitability, disseminate technology, and expand the agricultural frontier./ These goals are included in the National Agriculture and Livestock Program (PRONAGRO). Outlays for investment in the 1986-1990 period are earmarked specifically for the National Institute of Agricultural-Livestock Technology (INTA), the silo construction program, and PRONAGRO. Over $174 million will be allocated to agriculture during the period in question.

--Industry and Mining: More than /$1 billion over the 1986-1990 period/ is expected to be invested in this sector. For industry, public investment represents 0.4 percent of the GDP ($150 million), which corresponds to companies, corporations and mixed ventures in the area of defense. The goals for mining, according to the Mining Expansion Plan that has been drawn up, are to boost production from $60 million in 1985 to $1.17 billion in the year 2000, to increase import substitution from $33 million to $468 million, and to expand exports from $15 million to $270 million, while employment will grow from 8,400 jobs to 30,760 jobs between 1985 and 1990.

National Public Investment Projected for 1986-1990
(In percentage of GDP = $60 billion)

	1985	1986	1987	1988	1989	1990
Economic Sector (energy, transportation, communications, industry and mining, agriculture)	3.58	5.58	5.74	5.66	5.11	4.70
Social Sector (education, health, sanitation services, social welfare)	0.36	0.83	1.00	0.99	0.81	0.72
Others (defense and security, general administration)	0.28	0.52	0.57	0.56	0.53	0.51

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ARGENTINA

PROSPECTS RESULTING FROM NEW PETROLEUM POLICY DETAILED

Buenos Aires ENERGIA 2001 in Spanish No 41, Oct 85 pp 12-19

[Article by Dr Florencio P. Cuervo. Dr Cuervo holds a degree in chemistry from the UNBA [National University of Buenos Aires]. He also studied business administration both at that university and in Sao Paulo, Brazil. He is a consultant to petroleum companies. He has held management positions in private oil companies, and was an official of the State Department of Energy and Gas]

[Text] In this paper presented at the First Argentine Symposium on Petroleum Refining held in La Plata from 30 September to 4 October 1985, the author provides a detailed study of the prospects opening up to Argentina with the new petroleum policy the executive has planned. He notes that, although Argentina's refineries now have a 30 percent idle capacity, the nation has no idle capacity in conversion units. This means that for the short term, exporting crude will be the best (and virtually only) alternative open to Argentina. We must organize an export policy capable of making use of seasonal price variations and we must reach out to the markets of neighboring countries, where the incidence of shipping costs is less.

I Introduction

The petroleum policy the president of Argentina announced on 13 December 1984 in Comodoro Rivadavia, on the occasion of the Day of Petroleum, a policy which was approved some months later in Houston and in Buenos Aires, is designed to encourage the investments required for an increase in exploration and development of our country's oilfields.

Considering the large volume of financial resources required to attain the objectives of significantly increasing our reserves and the actual production of hydrocarbons, and given the serious financial limitations which now affect and will continue to hamper our country for many years to come, an attempt must be made to stimulate an influx of foreign financial resources.

If this policy is successfully carried out, we may expect that toward the end of the present decade there may be petroleum surpluses over and above the volumes required for the domestic market, and in the following decade, these surpluses may continue to grow.

From now on, all of our country's professionals engaged in mid or longterm planning of petroleum refining facilities must not overlook this factor.

Planners must give careful consideration to the development of factors that will determine the degree of compliance with this policy. They must keep informed about trends in the volumes of crude petroleum expected to be produced in the future, and their relation to the capacity used and the idle capacity of Argentina's refineries. They must watch developments in regulations governing hydrocarbon exports and exporters. They must also follow fluctuations in economic variables--both domestic and foreign--which have an impact on the profits of investments in distillation and conversion plants, whether these products are intended for the domestic or the international market.

Throughout this report, we will pay close attention to the following economic variables:

a. the domestic prices of crude petroleum

b. the present fuel "withholding" system, which controls the earnings of petroleum companies

c. the export prices that could be earned for these fuels and for crude petroleum

d. the taxes levied on crude and fuel exports

We will also analyze the relations between other variables of interest, such as:

a. the relative values between distillates and fuel oil products withholdings, and also the international prices

b. the relation for each product between the domestic withholding value and the export price

Once the variables which we have just mentioned and their interrelations have been quantified and analyzed, and knowing the costs of distillation and conversion plants, we will be ready to carry out feasibility studies indicating which types of processes will best pass the profitability tests.

Of course, we will be using two distinct types of economic analysis for each case: macroeconomic and business. The results of the macroeconomic analysis will show which is the optimum alternative for Argentina, among the following choices:

a. exporting crude petroleum

b. distilling crude and exporting distillates and fuel oil

c. processing it by distillation and conversion and exporting the resulting products

In the business analysis, we will be able to determine if the domestic market or the export market is more suitable, and if distillation and/or conversion will be profitable.

It will be possible to evaluate the degree of coincidence between the best strategy for the nation and the best for a specific company. The greater that coincidence, the more easily national objectives can be met without coercive measures directed at business activities.

As a result of all these considerations and studies, we will be able to reach some interesting conclusions that will inform us about the course our national refining industry should follow.

II Prices of Crude Petroleum and Its Byproducts

As an essential basis for any consideration of an economic nature, we need to review the prices of crude and its byproducts in both the local and international markets.

Chart no 1: Cost of Canadon Seco Crude (as of 25 June 1985)

Item	A/M^3(1)	US $/$M^3$	US $/T	US $/barrel
FOB Caleta Olivia price	61.87	77.34	86.41	12.30
Caleta Olivia-Buenos Aires freight(2)	4.41	5.51	6.16	0.87
Cost and Freight	66.28	82.85	92.57	13.17
Unloading costs	1.50	1.87	2.09	0.30
Cost in refinery	67.78	84.72	94.66	13.47
Processing tax(3)	6.19	7.74	8.65	1.23
Total	73.97	92.46	103.31	14.70

1. Australes per cubic meter
2. YPF [Government Oil Deposits] price list
3. Equivalent to 10 percent of the FOB price

2.1. Domestic Market Prices

First we will consider the current prices in the Argentine market as of 30 June 1985. Both crude petroleum and fuels have an official price set by the ministry of public works and services.

2.1.1. Price of Crude

To simplify this report, we will consider "Canadon Seco" the average Argentine crude. Its specific weight is 0.895 and its FOB Caleta Olivia price is 61.87 A/M^3 (australes per cubic meter). As we see in Chart no 1, the total cost of crude in the refinery tank, including the processing tax, is 74 A/M^3, which is equivalent to US $14.70 per barrel.

Chart no 2: Industrial Withholding Values of Refined Products
(as of 25 June 1985) (US $1 = 0.80 Australes)

Product	Specific Weight (kg/lt)	Industrial Withholding Values cts/lt	A/M^3	A/Ton	US $/ton
regular gasoline	0.73	9.950	99.50	136.30	170.38
premium gasoline	0.74	10.250	102.50	138.51	173.14
kerosene	0.80	10.095	100.95	126.19	157.74
gas oil	0.84	10.095	100.95	120.18	150.22
diesel oil	0.88	8.490	84.90	96.48	120.60
fuel oil	0.95	6.215		62.15	77.69
Price of GLP (liquid gas: LPG)		(x)		99.48	124.35

x per kilogram

2.1.2. Withholding Value of Refined Products

As we know, among all the products obtained from refining petroleum, a fuel tax is levied on the six major products (the two types of gasoline, kerosene, gas oil, diesel oil, and fuel oil). The amount of the tax for each one of them is the difference between the sale price and the total withholding value, called simply "withholding." This means that for the marketing companies, the withholding is the price or net earnings after taxes. The "industrial withholding" represents the refineries' price or earnings in the domestic market. The difference between the total withholding and the industrial withholding is called the "commercial withholding," designed to cover all marketing costs (including shipment and discounts given to service stations in the case of gasolines and gas oil), and to leave a reasonable margin or profit.

Chart no 2 gives the industrial withholding values for these six fuels, shown in centavos per liter or kilogram, in australes per cubic meter and ton, and the equivalent in dollars per ton, so that we can compare these figures with international prices. The price of GLP (liquid gas) is also

shown in bulk, as this will be needed for later calculations. This price was determined as the average weighted with the corresponding prices for propane and butane.

In this report we will not consider alcohol-based gasolines, for reasons of simplification, and also because both their volume and their withholding difference are not very significant in relation to the traditional gasolines.

Chart no 3: Relative Values of Industrial Withholdings (per ton)

	NE/FO =	2.23	NE/NC =	1.02
	GO/FO =	1.93	K/GO =	1.05
	DO/FO =	1.55	NE/GO =	1.15
price of	GLP/FO =	1.60	GO/DO =	1.25

Relative Values of Industrial Withholdings

Chart no 3 gives the relations between the industrial withholding values of the different fuels. On one side we have the relative values of the distillates and light fuels in relation to FO (fuel oil). For NE (premium gasoline), GO (gas oil), and DO (diesel oil), these values are 2.23, 1.93, and 1.55, respectively.

The relation between the price of GLP and the withholding value of FO is 1.60. These values are indices of the greater or lesser profitability of conversion processes.

Chart no 4: Value Added by Distillation and Conversion
(domestic market prices; industrial withholding)

	Crude		Distillation		Integrated Processing	
Product	Yield (T)	Cost (US$)	Yield (T)	Value (US$)	Yield (T)	Value (US$)
Canadon Seco	1.00	103.31				
GLP			0.005	0.62	0.04	4.96
NC (regular gasoline)			0.135	22.95	0.15	25.56
NE (premium gasoline)					0.13	22.51
GO			0.25	37.56	0.25	37.56
DO					0.08	9.65
FO			0.58	45.06	0.28	21.75
Totales	1.00	103.31	0.97	106.19	0.93	121.99

Value added by distillation (US$/ton of crude) $2.88
Value added by conversion (US$/ton of crude) $15.80

To the right of the chart (Chart 3), we show the relative values of the distillates among themselves. NE has a withholding 2 percent higher than NC (regular gasoline); K (kerosene) is 5 percent higher than GO, and NE is 15 percent higher than GO. Remember that all these relations are expressed by weight and not by volume.

2.1.3. Value Added by Distillation and Conversion

If Canadon Seco crude undergoes primary distillation plus catalytic cracking of gasoline, we obtain a sum of products whose total will be somewhat less than 100 percent, as there is a shrinkage of about 3 percent, corresponding to the fuel consumed plus losses. The economic value of the sum of products obtained is the value of production at domestic market prices. This is somewhat higher than the cost of the crude. The difference is the VA (value added). Chart no 4 gives the corresponding values. The cost of crude, as we saw in Chart no 1, is US $103.31 per ton and the value of the distillation products is US $106.19. The VA by distillation is thus US $2.88 per ton of crude.

If the crude is given integrated processing--distillation and then conversion processes applied to heavy products coming from distillation--the value of the production will increase as a result of the partial transformation of the heavy products to more valuable light products. For a refinery with catalytic cracking, the additional VA by conversion has been calculated at US $15.80 per ton of crude.

2.2. Values in the International Market

Now that we have seen the local values of crude petroleum, the fuel withholdings and their relations, and the VA by the distillation and conversion processes, we will do the same with international values.

2.2.1. Price of Crude

As was said in 2.1.1., we considered Canadon Seco as the average Argentine crude. We will now calculate the international theoretical value of this crude, FOB Caleta Olivia.

As may be seen in Chart no 5, the specific weight of Canadon Seco is barely higher than that of Arabe Pesado (Heavy Arabian), and its difference in API° is -0.4. On the other hand, Canadon Seco has a sulfur content of only 0.2 percent, while Arabe Pesado has a 3.0 percent sulfur content. Taking Arabe Pesado as the basic price of Canadon Seco, and applying the differential values based on variations in API weight and sulfur content, the price of Canadon Seco would be US $27.30 per barrel, equivalent to almost US $192 per ton.

Chart no 5: International Theoretical Price of Canadon Seco Crude (FOB Caleta Olivia)

	Arabe Pesado	Canadon Seco
Specific weight 15/4 °C	0.893	0.895
API gravity index	26.8	26.4
Percentage of sulfur by weight	3.0	0.2
Basic price (US $/barrel)	26.50	26.50
Gravity differential (US ¢9,5/API°)		(0.04)
Sulfur differential (US ¢0.1%/S)		0.84
Adjusted price (US$/barrel)	26.50	27.30
Adjusted price (US $/$M^3$)	166.68	171.71
Adjusted price (US$/ton)	186.66	191.85

Strictly speaking, the calculated price would be valid if the loading ports of both crudes were equidistant from the market. But if we consider the east coast of the United States as the market for Argentine crude, then Ras Tanura and Caleta Olivia are practically equidistant.

If we considered our neighboring petroleum-importing countries (Brazil, Uruguay, Paraguay, and Chile) as the natural market for Argentine petroleum, then the price differential for shipping would be positive (1), and the FOB Caleta Olivia value would be even greater than what was just calculated.

Of course, Heavy Arabian petroleum is universally known and ours is not, not even in all our neighboring countries. We must therefore begin some promotional work to make our petroleum known in its potential markets sufficiently in advance of export negotiations.

To better evaluate the significance of the price calculated for Canadon Seco, we should mention that the crude used as a reference comes from Saudi Arabia, a country that has followed a somewhat more moderate price policy than the other OPEC members. We should also say that the price of that crude was equal to or higher than US $31 per barrel between 1980 and 1982. Since then it has declined steadily, until reaching US $26.50 per barrel, its price since the start of 1985.

It is worthwhile to point out that so far we have spoken of the international price or FOB Caleta Olivia price of Canadon Seco crude, and not of the exporter's earnings. The two figures would coincide only if the sum of export taxes and costs were equal to zero. At present, reality is greatly different from that situation. We will consider the incidence of export taxes later.

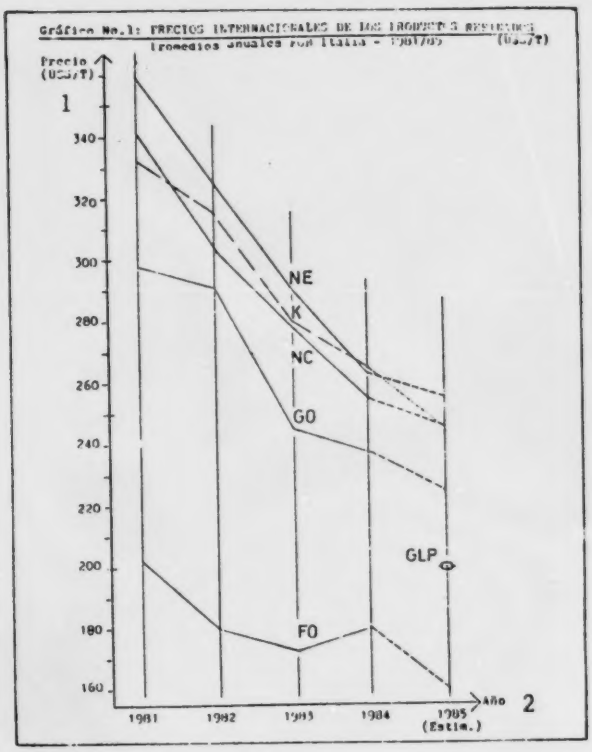
2.2.2. Price of Refined Products

We will take the FOB Italy price as the international price of refined products. During the past 5-year period (1981-1985), price trends declined steadily, as can be seen in the values in Chart no 6, also shown graphically in Graph no 1.

Chart no 6: International Prices of Refined Products: Annual Averages (FOB Italy-1981-85---US $/ton)

Year	Regular Gasoline	Premium Gasoline	Kerosene	Gas Oil	Fuel Oil
1981	342	360	332	298	202
1982	304	325	316	291	180
1983	278	290	280	245	172
1984	255	263	265	237	180
1985 (estimated)	245	255	245	225	160

Graph no 1: International Prices of Refined Products
Annual averages, FOB Italy - 1981-1985 (US $/ton)



Key:

1. Price (US $/ton)
2. Year

In the years 1980/81/82 and 83, Brazil's imports were only 49, 42, 37, and 35 million tons, respectively.

The values given are annual averages for each product.

The declining trend was common to all fuels, with the exception of FO; in 1984 it had a price upturn caused by the prolonged coal miners' strike in Great Britain.

Based on this price trend, coinciding with the trends in crude prices and prices in the first 5 months of 1985, the average annual values for 1985 can be estimated. They are given in Chart no 7, still based on FOB Italy prices.

Chart no 7: International Prices of Refined Products (US $/Ton)
Annual Average Values Estimated for 1985 (FOB Italy)

Regular gasoline	US $ 245 per ton
Premium gasoline	US $ 255 per ton
Dual kerosene	US $ 245 per ton
Gas oil	US $ 225 per ton
Diesel oil	US $ 205 per ton
Fuel oil	US $ 160 per ton

Annual estimated average for GLP: US $ 200 per ton

Seasonality

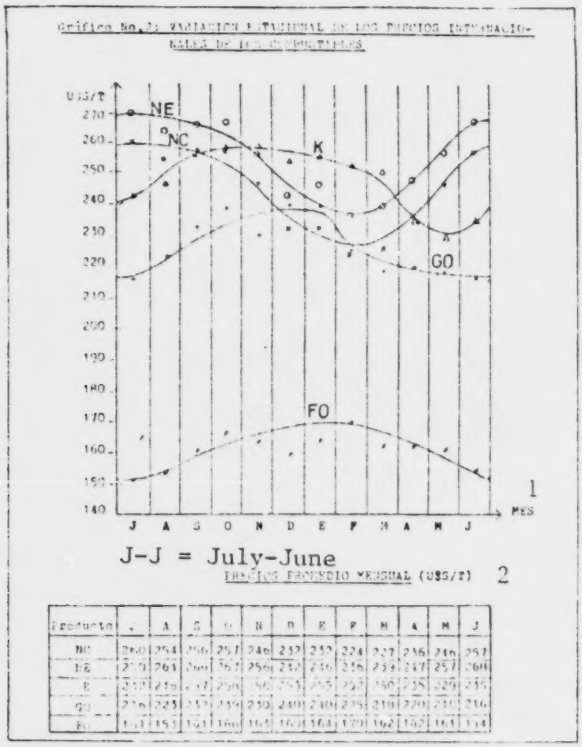
Throughout the year, the prices of each fuel fluctuate with a greater or lesser amplitude. Their highest levels obviously occur during the months of peak demand, and at times, somewhat earlier than the peak demand season.

By averaging the monthly average price curves for each of the years from 1981 through 1984, and by correcting for downward trends, we obtained for each product a price curve in which each point corresponds to the average value for each month of the year. Afterwards these curves were "lowered" until their average prices coincided with those shown in Chart no 7. In this way it was possible to draw ideal estimated price curves for 1985 which reflect seasonal fluctuations (Graph 2).

Thus, for NC (estimated average: US $245 per ton), the maximum prices occur during the Jun/Jul/Aug/Sep period (summer in the northern hemisphere), with prices reaching $260, and the minimum prices--about $230--occur during the Dec/Jan/Feb/Mar period (winter).

The seasonal pattern of NE coincides with this, although with somewhat higher prices: an average of $255, a maximum of $270, and a minimum of $240.

Graph no 2: Seasonal Variation of International Fuel Prices



Key:

1. Month
2. Average monthly prices (US $/ton)

Fluctuations in prices of K are of a smaller amplitude. With an average of $245, it reaches a maximum price of $258 in Sep/Oct/Nov, and a minimum of $230 in May, with $235 in April and June. As we can see, the periods of maximum and minimum values are anticipated by 2 to 3 months before the respective winter and summer peaks.

The GO curve is flatter, with smoother price oscillations and longer periods of stable prices. With an average of $225, maximum prices of up to $240 occur in Oct/Nov/Dec/Jan, and minimum prices of about $215 in Mar/Apr/May/Jun/Jul. GO prices also reach their maximum values before the winter peak in the northern hemisphere and fall rapidly afterwards.

FO reaches its maximum price levels in Jan/Feb/Mar ($170) and its minimum levels in Jun/Jul/Aug ($150); its average price is $160.

Chart no 8: Relative Values of International Prices of Refined Products (US $/Ton)

NE/FO:	1.60	NE/NC:	1.04
GO/FO:	1.40	K/GO:	1.10
DO/FO:	1.30	NE/GO:	1.13
GLP/FO:	1.25	GO/DO:	1.10

Relative Prices

Chart no 8 shows the relative prices of NE, GO, DO, and GLP with respect to FO on the left. To the right are the relative prices of some refined products with respect to others, but excluding FO.

The values in the chart indicate average relations, that is, relations between average annual prices for each product during the last 5-year period. These values vary from one year to another, and also vary significantly at different times of the year when the relation is shown between two products with opposite seasonality, as in the case of gasolines/GO, and especially gasolines/FO.

In the first case, the overall average for NE/GO is 1:13; in the summer this relation goes up to 1.25, declining in the winter to about 1. In the second case, the NE/FO average is 1.60. It goes up in the summer to 1.80, declining in the winter to less than 1.40.

Chart no 9: Value Added by Distillation and Conversion (International Market Prices)

	Crude		Distillation		Integrated Processing	
Product	Yield (T)	Value (US$)	Yield (T)	Value (US$)	Yield (T)	Value (US$)
Canadon Seco	1.00	191.85				
GLP			0.005	1.00	0.04	8.00
NC			0.135	33.08	0.15	36.75
NE					0.13	33.15
GO			0.25	56.25	0.25	56.25
DO					0.08	16.40
FO			0.58	92.80	0.28	44.80
Totales	1,00	191.85	0.97	183.13	0.93	195.35

Value added by distillation (US$/ton of crude) (8.72)
Value added by conversion (US $/ton of crude) 12.22

2.2.3. Value Added by Distillation and Conversion

Using the same considerations as in section 2.1.3, and repeating the calculations used in Chart no 4, but this time using the international prices of the products instead of the domestic market's current withholding prices, we come to Chart no 9.

From the information contained in this chart, we find that the export value of Canadon Seco crude should be 4.5 percent higher than the export prices of products obtained from its distillation.

If Canadon Seco is given integrated processing, which includes conversion, the export value of the resulting products would exceed the export price of crude by 2 percent, and that of its distillation products by 6.5 percent.

Here again, as in the case of crude, we have to point out that these conclusions would be valid if the FOB Argentina prices of the refined products were the same as the FOB Italy prices. That would theoretically be possible for a sufficiently large market, equidistant from the loading ports of both countries, assuming that the availability of storage facilities of varied sizes, port facilities for large tankers, and other factors were very similar. Even so, it would still be hard to get the same prices here as in the ports of Italy or Rotterdam, located conveniently between producer and consumer countries, surrounded by numerous nearby ports that deliver or order refined products; traditional markets where large volumes of these different products are regularly bought and sold every day, equipped with large storage capacities, and with the international communications infrastructures to provide sufficient flexibility for business deals.

Nonetheless, our country still has the advantage of being surrounded by neighboring countries with an energy shortage which are net importers of hydrocarbons, with the exception of one.

This is the advantage which, if properly used, may serve to offset Argentina's disadvantages in other areas in relation to markets whose prices we will use as a reference.

2.3. Comparison Between Domestic and International Prices

As we already know the price of crude and other petroleum products both in the domestic market and in the external market, we will now make a comparison between them.

2.3.1. Prices of Crude

In comparing the Canadon Seco FOB Caleta Olivia crude price shown in Chart no 1 with the theoretical international price given in Chart no 5, we find that the latter is equivalent to 222 percent of the former price.

Chart no 10: Comparison of Domestic and Foreign Prices: Crude and Refined Products (US $/Ton)

Product	Domestic Prices	Foreign Prices	
		Gross	Net
	1	2	3
Canadon Seco Crude	86	192	107
Regular gasoline	170	245	136.46
Premium gasoline	173	255	142.04
Kerosene	158	245	136.46
Gas oil	150	225	125.32
Diesel oil	121	205	114.18
Fuel oil	78	160	89.12
GLP	124	200	124.00

2.3.2. Prices of Products

In Chart no 10, column 1 shows the domestic FOB prices of Canadon Seco crude and of products (industrial withholding value) in whole dollars per ton. Column 2 gives the international prices, and column 3, the net export earnings--that is, the FOB price minus the DE (Export Duty), the charge for SE (Statistics Service), and GE (operating, administrative costs, bank fees, etc.).

Chart no 11: Comparison of Relative Domestic and International Prices of Refined Products

Col No.	1	2	3a	3b
Relation between	Relative Prices Domestic	International	3 = 1 ÷ 2	
NE/NC	1.02	1.04	0.98	
K/GO	1.05	1.10	0.95	
NE/GO	1.15	1.13	1.02	
GO/DO	1.25	1.10		1.14
NE/FO	2.23	1.60	1.39	
GO/FO	1.93	1.40	1.38	
DO/FO	1.55	1.30		1.19
GLP/FO	1.60	1.25	1.28	

Since 11 June 1985, the DE applicable to crude and refined products has been 69 percent of the FOB value minus the DE, that is, DE = 0.59 (FOB-DE). Working out this formula gives DE = 0.408 FOB. The actual tax is thus equivalent to 40.8 percent of the FOB price. If to this percentage we add 1 percent for

SE and 2.5 percent for GE (this includes the topping-off charge), this comes to a total deduction of 44.3 percent. The exporter's net earnings are consequently reduced to 55.7 percent of the FOB price.

Since 11 June 1985, the DE for GLP has been 33.5 percent of the FOB price. When we add to this 1 percent for SE and 3.5 percent for GE, the deductions come to 38.0 percent of the FOB price. Therefore, the exporter's net earnings are 62 percent of the FOB price.

The chart shows that FO is the only product which has significantly larger export earnings than revenue from domestic sales.

Relative Prices of Products

Chart no 11 compares the relative domestic prices with international prices. Column 1 contains the domestic prices taken from Chart no 3; column 2 gives the international prices shown in Chart no 8.

For the quotients--column 1 as a percentage of column 2--we get the values of column 3, which represent the relations between the relative domestic and international prices.

In column 3a, the first three values are very close to 1, with deviations of less than $\pm$ 5 percent. This indicates that the industrial withholding relations of the light fuels differ very little from the corresponding relations in the international market.

The next two values in column 3a show that the relative domestic prices of gasolines and GO with respect to FO are approximately 40 percent higher than in the international market. This tells us that in relative terms, the FOB withholding should be multiplied by 1.4 (or the withholdings for gasolines and GO should be divided by 1.4) in order to coincide with the international market guidelines. For the same thing to happen with DO, its withholding would have to increase by 15 percent. Then the values of column 3b would be in harmony with those in 3a.

Multiplying the industrial withholding of FO by 1.4 would raise it from 62.15 to 87 Australes/Ton, and raising that of DO by 15 percent would bring it from 84.90 A/M^3 to 97.64 A/M^3.

2.3.3. Values Added by Distillation and Conversion

The values calculated with domestic market prices in Chart no 4 are summarized in column 1 of Chart no 12.

Column 2 summarizes Chart no 9 (except for the cost of crude) in which the theoretical VA were calculated, using the FOB Italy prices as the international prices of products, as if exports had no costs or taxes added to

this FOB price. The total domestic cost calculated in Chart no 1 is used as the cost of crude.

Chart no 12: Comparison of Values Added with Domestic and International Prices (US $/Ton)

	Domestic	International DE + SE + GE = 0%	International DE + SE + GE = 44.3%
	1	2	3
Cost of crude (including taxes)	103.31	103.31	103.31
Value of distillation products	106.19	183.13	102.00
Value of distillation + conversion products	121.99	195.35	109.39
VA by distillation	2.88	79.82	(1.31)
VA by conversion	15.80	12.22	7.39
VA by distillation + conversion	18.68	92.04	6.08

Column 3 uses the same cost of crude, but the net export prices shown in Chart no 10 are used for the products.

Here we see that the VA by distillation, which was considerable in column 2, now becomes negative in column 3, as it is transferred to the National Treasury by means of the DE of 69 percent.

The VA by conversion is reduced from US $14.22 to US $7.39 per ton of crude. This is equivalent to 47 percent of the VA for domestic prices.

7679
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U.S. SAID TO WANT PINOCHET OUT

Santiago CAUCE in Spanish 10 Dec 85 pp 4-6

[Article by Gustavo Boye S.: "U.S. Government: 'We Would Like Pinochet to Step Down'"]

[Text] In pursuing his domestic war strategy and election campaign the lone candidate has had to deal with several fronts simultaneously.

One of them, perhaps the touchiest and most difficult to handle, is the diplomatic arena.

If we were to use the language of boxing, we would say that five fighters are in the political ring, bobbing and weaving and watching each other mistrustfully.

First of all there is the government, now openly acknowledging its intention to remain on beyond 1989. Remember Pinochet in the south claiming a "vanguard role in the anticommunist struggle."

Then there is the National Accord, one of whose backers, Christian Democracy, is playing a leading role because of its political influence and strength.

The Church did its part with the reconciliation campaign that it carried on for 12 months all over the country. Monsignor Fresno was, of course, in its forefront; on his recent trip to the United States and Italy he carried out not just pastoral tasks but some decidedly political ones as well, such as the meeting he had in New York with major opposition political leaders overseas.

Then there is the MDP, led by the Communist Party, which answered the call of the Democratic Alliance and Gabriel Valdes after the rally in the park, which was an act of unity. They took up the challenge and inferred that the goal is to welcome the pope in 17 months to a country that is irreversibly on its way to democracy.

Last but not least, there is U.S. Ambassador Harry Barnes and the entire diplomatic front.

Bonn: Ambassador Was Following Orders

Two incidents or actions provoked Pinochet to anger, as he complained out loud in the south: "Since when are certain ambassadors here to solve our domestic problems? I think that this is unacceptable and, hence, I want to point out very clearly to the representatives of certain countries that their function is not to admonish, and much less can they take sides with any domestic political group."

One of the moves that Pinochet was criticizing was made by FRG Ambassador Hermann Holzheimer, who hosted a meeting between the ambassadors of the EEC countries and the top leaders of the parties that have signed the National Accord. Speaking on behalf of his colleagues, Holzheimer stated that the EEC supports the National Accord, adding that the unity among the democratic opposition in Chile is important and significant because it represents a constructive alternative and rejects solutions that entail violence, terrorism and extremism.

The German ambassador's words prompted Foreign Minister Jaime del Valle to summon him to a meeting at which he told him about the Chilean government's annoyance with his stand.

The effort was in vain because the German Foreign Ministry in Bonn clarified in a public report that its ambassador in Santiago had merely been following express orders from his government.

United States: We Would Like Him to Leave

The position of the U.S. ambassador is equally clear and even more categorical.

The news arrived via an AFP wire. None other than Elliot Abrams, the undersecretary of state for inter-American affairs, told the U.S. Congress that the United States "would like" Chilean President Augusto Pinochet's government "to step down."

However, Abrams said that the United States should not vote down loans to Chile in multilateral development banks, indicating that such a move would be tantamount to a "declaration of economic war that would harm the Chilean people and would not be approved of even by the Chilean opposition."

Abrams testified before the House Finance and International Development Institutions Subcommittee concerning charges that President Reagan's administration had, in the case of Chile, not complied with legislation banning economic aid to governments guilty of human rights violations.

"The human rights situation in Chile is very bad in many ways but it is improving," Abrams said.

"We would like this government (President Pinochet's) to leave and be replaced by a civilian democratic government, as in Argentina and Uruguay, but this is something that the Chileans themselves have to work out," he stated.

Chile Mentioned More Than Afghanistan

Abrams described human rights legislation as "negative" because in his opinion "it lacks flexibility," and he said that he was "extremely proud" of the stand that the Reagan administration has taken towards Chile on human rights.

The AFP wire added, citing Abrams: "We have made more statements in favor of a transition to democracy in Chile than against Soviet intervention in Afghanistan. Anyone can verify this is they take the trouble to review the transcriptions of our daily press conferences in the State Department," he added.

Esteban Torres, a House Democrat from California, cited several paragraphs of the most recent State Department report on the human rights situation in Chile, underscoring acts of police brutality and torture, and asked Abrams: "How is it possible to condone such acts? This is deplorable!"

"I agree with you completely," replied Abrams. He insisted, however, that "impoverishing Chile" was not the best way to promote a peaceful transition to democracy.

In the wake of such news it seems clear that Ambassador Barnes' daily meetings and actions, as he makes a new gesture every day, gestures that have a special meaning in diplomacy, are entirely in keeping with the U.S. Government's present position towards the dictatorship. Barnes can thus say that "when Chile reestablishes democracy, relations with the United States will improve significantly."

The Presidential Campaign

What does not help at all is the image of the lone candidate, who last week toured the southern part of the country and did something that he said his government did not do: offer things, in a bid to gain support, in the finest style of "los senores politicos," as he calls them.

The president's image-makers, Manfredo Mayol and Minister Cuadra, among others, thus hired a specialized company in the strictest of secrecy to conduct a poll gauging public reaction to an announcement that the current government planned to stay on past 1989. They did not find the most recent CAUCE poll clear and eloquent enough. The interesting part, however, is that the poll also sought to gauge reaction to other alternatives, such as an election among several candidates that would require a second round of balloting if none of them achieved an absolute majority. In this case the questions are designed to gauge the public's attitude towards a potential showdown between a Center-Left candidate and a military candidate, General Canessa or General Sinclair, for example.

All of this is not unrelated to the plan for a plebiscite that the government is studying with an eye towards amending the constitution. Pinochet has reportedly become convinced that his only chance to remain on past 1989 is, instead of a plebiscite to confirm or reject him as a sole candidate, an election with several candidates and a divided opposition, in which he could defeat the other contenders.

Political Changes

The questions that Pinochet is asking himself are important ones, and they will have to be answered over the next few days, before the UN General Assembly takes up the report on human rights in Chile, even though there is nothing that will change the vote appreciably.

Even more importantly, however, Pinochet has become bogged down as the National Accord nears its 4th month and needs to regain the political initiative and react to a panorama in which it is growing increasingly clear that he has very little chance even to make it to 1989.

To use his own military terminology, one of the courses of action that he could take to attain at least his primary goal, making it to 1989, would be to take bold action in La Moneda. It would mean spurring and hastening a Pinochet-led transition. It could be a Machiavellian maneuver, inasmuch as the secondary goal would be to divide the opposition.

He needs civilians, politicians if possible, to carry out this "course of action." One of these men was Arturo Fontaine. Owing to the conditions that he set and to the interest that he showed in the National Accord as "the" answer for Chile, his name was tossed out.

The other name, the one that is being mentioned the most, is Julio Duran, a former Radical senator and member of Radical Democracy.

Duran's demands are sizable ones. The first is an immediate end to exile. Pinochet accepts the idea but would like to prohibit no more than 50 Chileans from returning. Security reports convinced him that keeping tabs on 50 highly visible political figures would entail no technical difficulties. Such a measure would be all-embracing, as even those who were stripped of their nationality would have it reinstated.

Julio Duran's other demands have to do with a hand in running things, including economic policy, which would entail the departure of Finance Minister Buchi and, most likely, Economy Minister Delano. This idea must have come up at the luncheon meeting that Duran, the president of Radical Democracy, and Luis Escobar, a former economy and finance minister, held at the La Union Club last Friday.

Finally, there is the question of amending the constitution to change the presidential election system in 1989, to hold elections for mayors and councilmen in 1986 with voter registries and Election Certification Boards in place, and in 1987 to hold two-house congressional elections with the

alternative of an appointed Senate and a directly elected House of Representatives.

If such an arrangement does not work out, it will be due to Pinochet's unpredictable nature, not to the unreliability of our sources, who have given assurances that all of these "moves" and confidential meetings have indeed been taking place.

The Radical and National Mainstreams

Concurrent with these other political activities, various groups across the political spectrum have continued their efforts to form coalitions, including the socialists, as MAPU [United Popular Action Movement] called for an accord among socialist forces after concluding that the Socialist Bloc had been outstripped by recent events.

In the Radical-Social Democrat sphere, Rene Abeliuk and Levian Munoz recently answered the letter in which Enrique Silva Cimma, the president of the Radical Party, called on the two parties to unite so that they could "struggle successfully for the establishment of our principles of democratic socialism."

Abeliuk, employing the same "frank and cordial" tone as his friend Silva Cimma, briefly reviewed what had happened since the PIR [Leftist Radical Party] was formed in 1971, becoming the Chilean Social Democratic Party 2 years later. He analyzed its development under Pinochet and underscored that his group was joined not just by former Radicals but by people "who were never politically active before or belonged to another group."

Abeliuk noted that his party "has a diverse make-up" and that it is necessary "to avoid making mistakes or taking hasty action that would compromise the support of these new sectors, which have given us a major presence in several of the country's universities."

He reaffirmed his desire for unity and agreed to begin talks, emphasizing the necessary intermediate step of strengthening the Democratic Socialist Federation, to which both parties belong, and the USOPO, and pointing out that a final decision is up to the rank and file at the upcoming May 1986 convention.

He concluded by emphasizing that his "deeply held conviction is that the creation of a great Social Democratic or Democratic Socialist Party will enable us to achieve our shared goal: to build a broad and progressive democratic force with a modern organization and policies appropriate to the times."

"We are certain," Abeliuk's letter reads, "that such a political force will be decisive in helping the country to return to the democracy that it so regrettably lost precisely because a strong enough progressive democratic party was lacking, and that once democracy is restored it will be a bastion against further attempts to destroy it in one or another direction."

All indications are that as the political process unfolds under the dictatorship, a return to democracy will be possible. Although it would not be a two-party system, there would be a small number of major parties. They would have modern structures and broad, sound internal democracies and would represent the major political schools of thought in the world.

8743
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JARAMILLO ON FUTURE OF DEMOCRATIC ALLIANCE

Santiago CAUCE in Spanish 10-16 Dec 85 pp 10-11

[Interview with Armando Jaramillo, president of the Democratic Alliance and of the Republican Party; author, date, time and place not given]

[Text] The people flocked to O'Higgins Park to tell the opposition in no uncertain terms that the way to bring back democracy in Chile is through unity, without divisive ideologies. In addition, the negotiations, dialogues and actions to achieve that democratic objective should be conducted with the only appropriate party to deal with in such contacts: the Armed Forces.

These and other statements were made to CAUCE by the new president of the Democratic Alliance, Armando Jaramillo, who is also the president of the Republican Party.

After explaining that his party is in the center and not "right-wing," that it is the heir to the Liberal Party tradition, and that it, along with the Radical Party, represents broad sectors of the Chilean middle class, Jaramillo plunged into the issue that is the focus of attention for all Chileans.

[Question] What do you think of Pinochet's announcement that this government will not end in 1989?

[Answer] Look, I want to be very fair about this. And I would like to take this opportunity to make an apology. A few days ago Mr Cuadra, who is the minister-secretary general of government, repeated that same nonsense. I rashly labeled him an inexperienced politician, assuming that he was stating his own views. I do not want to offend anyone gratuitously. In other words, I would not want to insult anyone. Mr Cuadra was merely acting as an advance spokesman for Mr Pinochet. As we lawyers say, Mr Cuadra was laying the executive groundwork to prepare the country to receive the announcement that they intend to extend this government beyond 1989. Fortunately, it appears that this misguided view will not be accepted. Two signs have lifted my spirits and given me reason to believe that a rather substantial change may take place.

[Question] What are those signs?

[Answer] One is quite curious. The Independent Democratic Union (UDI), which has been extraordinarily supportive, one might say, of the government's actions, has acknowledged that the instrument known as the 1980 Constitution, that sacrosanct instrument that was intangible, untouchable, and unassailable, might be modified. That was said by Jaime Guzman. They would be willing to consider a modification. At first glance, that seems very positive and hopeful to me. . .

[Question] And the other is Gen Matthei. . .?

[Answer] Right. And it strikes me as much more important, even more hopeful.

The words uttered by the commander in chief of the Air Force, Gen Matthei, are a veritable tribute to dialogue. He is being receptive to the so-called reconciliation formulated by the Catholic Church. More than that, Mr Matthei, demonstrating that he does revere the process, stated that in 1989 he would not longer be carrying out his current function. In other words, he is pointing to a democratic path. A path of new possibilities for other values. He is setting an example that I hope will be followed not only in the Air Force, but in all the armed institutions.

Only Appropriate Party

[Question] After what Pinochet and Matthei said, which party is the appropriate one for the opposition to deal with?

[Answer] This confirms what we Republicans have been contending, along with other sectors of the Democratic Alliance. It is very difficult, practically impossible, to claim that the president of the republic is the appropriate party. Every time he opens his mouth, he provides sufficient and repeated proof that he is not willing to engage in dialogue. On the other hand, after listening to what Gen Matthei has said, some statements by Gen Stange of the Carabineros, and some by Adm Merino, I haven't the slightest doubt that the only appropriate parties to deal with in this country are our Armed Forces.

From my point of view, they are very respectable; they are part of Chile's tradition; they are implementing this government; they affirm it and maintain it; and without their cooperation we will not be able to emerge from this situation peacefully.

Thus, I believe that the appropriate party to deal with in this is the Armed Forces of Chile.

MDP Invitation

[Question] The Popular Democratic Movement (MDP) sent a letter to the Alliance inviting it to a meeting very soon for the purpose of agreeing on joint actions to pursue the objective stated by Gabriel Valdes at O'Higgins Park, democracy. . .

[Answer] That is right. I want us to converse in very subtle terms so that there will not be any distortions. Gabriel Valdes received that letter the day before his last day in office. Obviously, he did not have a chance to send it to the executive committee. The day I took over as president there weren't even copies of the letter to give to each member of the committee. A report on the letter was presented during the session. Photocopies were made and distributed. The members of the executive committee must take it to their parties, because we are only the leaders of the different groups. We will give this issue the consideration it deserves at the session next Tuesday (10 December), and to the extent possible we will have gathered the opinions of our political organizations.

Spirit of the Park

[Question] What do you think of the political agreement of Carlos Briones' Socialist Party, which proposes a number of joint actions with the MDP?

[Answer] I would also like to be very frank about this. I prefer not to think about the internal problems of the other parties of the Alliance, especially now that I am its president. The Democratic Alliance defends first and foremost the self-determination of each of its member organizations, so that they can express their separate views however they wish. The representatives of the Socialist Party will in due time express their points of view within the executive committee. I can, however, give my personal opinion as president of the Republican Party.

The gathering at O'Higgins Park is a political event of extraordinary importance. That and the National Agreement are perhaps the two culminating political events of 1985. I think that O'Higgins Park revealed a special spirit; a tacit mandate was issued there, a mandate for unity, for understanding, for putting aside ideology. There Chileans gathered without regard for political banners, ideological positions, social status, age or sex. A group of good Chileans said: Chile demands democracy.

That is the spirit of O'Higgins Park. That is what we political leaders must heed. And we must be flexible enough to understand that beyond ideological considerations, there is a widespread desire to return to normal channels. If we continue like this, we will be more excluded from the world, we will be poorer, and--why not admit it--we will be closer to the end of our days.

To maintain the spirit of O'Higgins Park, we need good judgment, generosity, and many ideological concessions. Otherwise, from the very moment each person raised his own banner, we would begin to perpetuate Pinochet's power.

[Question] In signing pacts between the Alliance and the MDP, are the university students expressing that spirit?

[Answer] What you are pointing out is an example already. At the university, on the basis of unity, major victories have been won.

Social Mobilization

[Question] What means do you feel are legitimate to use in keeping with the spirit of the park, and considering Pinochet's negative attitude?

[Answer] I think in any event that the only way to reach the new democracy--and here I want to repeat what the U.S. ambassador said--is for us to use the most democratic procedures. In other words, to persuade by example. We must absolutely eliminate all violence, which is the one way to ensure that we will never reach democracy. I favor social mobilization, but a well-intentioned social mobilization that has emerged from the ranks of the people themselves and uses peaceful methods. Men communicate with words, not with bullets or threats. I am not in favor of violent means in any way.

Role of Armed Forces

[Question] What role should the Armed Forces play in this transition period?

[Answer] I think it is tremendously presumptuous for a civilian to begin determining roles for the Armed Forces in advance. They have a longstanding democratic tradition. Twelve years of Pinochet does not blot the clean record of our armed institutions. Chile in general, and I in particular, are proud of the Armed Forces and the Carabineros of Chile. They are part of the national inventory. It is not yet possible to determine how this transition to democracy will take place. If we have managed to live together for 150 years, the civilian and the military shoulder to shoulder, then I believe this tradition will prevail once more, and the good relations that have always existed between civilians and soldiers will continue in the future.

Stange's Duty

I have a high opinion of the professionalism of our Armed Forces, of their patriotism, and also of the efficiency of the Chilean Carabineros. If there has been a disgrace at a given time, it is because there are good and bad apples everywhere. Unless, of course, they have been infiltrated, and I think they have. That infiltration of the Carabineros is very clear in the minds of everyone in this country. What has happened is not in keeping with the tradition of the Carabineros. This infiltration has a name and a surname. I prefer not to mention it at this time, because I also value my life.

[Question] Are these "moles" so dangerous that they could threaten the life of the president of the Democratic Alliance, so that he does not dare name them?

[Answer] But I haven't the slightest doubt. They have made attempts on so many people. But I am certain, and I have faith in Gen Stange's ability to eradicate all those bad seeds.

8926
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CHILE

CHRISTIAN DEMOCRATIC LEADERS DESCRIBE THEIR PARTY

Santiago QUE PASA in Spanish 21 Nov 85 pp 45-52

[Article by Mariana Grunefeld and Catalina Correa: "What Kind of Party Is This?"]

[Text] If you have a house in Cachagua, if your children attend the San Ignacio Secondary School, Notre Dame, the Minor Seminar or Las Teresianas; if you insist on listening to Cooperative Radio, or failing that, Santiago; and if on Sunday morning you attend the 10:45 mass in the University Parish, without a doubt you are in serious danger of being a Christian democrat.

But if in addition you receive the pamphlet LIRCAY, from time to time, and if someone calling you on the telephone or at lunch with you calls you "comrade" more than once a day, and if the statements by Minister Cuadra irritate you, not the slightest doubt remains. You simply are a Christian democrat. Obviously, this does not mean that you are one of the 30,000 formally registered members of the party, much less one of the 300 party officials. It only means that you are a stubborn opponent of the regime, that you reject capitalism and communism although you can justify pacts and alliances with the latter. It also means that you feel that you are a democrat and a Christian. It is perhaps for this reason that a Christian democrat once voiced the challenge: "You who are a democrat and also a Christian, why can you not be a Christian democrat?" His interlocutor (assume one of those right-wingers who prefers to deal with the communists rather than the Christian democrats, because "at least one knows what they think") replied as follows: "I like rice. I like milk. But I hate rice with milk."

However, it should be made clear that you need not be a Christian to be a Christian democrat. It suffices to know that its chief thinkers in this country are not believers, meaning none less than Jaime Castillo ("The Teacher"), Genaro Arriagada and Edgardo Boeninger. But you must indeed be an admirer of the Frenchman Jacques Maritain, or Emmanuel Mounier, or, finally, Nicolas Berdiadef. You must be familiar, at least by name, with the University of Louvain. You must, obviously, be a humanist, taking inspiration from the social doctrine of the Catholic Church. In fact, the Christian Democratic Party (PDC) was born on 12 October 1935, when it separated from the denominational Conservative Party. Its founders were motivated by the poverty of the masses and later the Second Vatican Council. The sponsors included

Monsignors Larrain and Vives. These founders of the National Falange, which was the precursor of the PDC, were young men. They were all students in law at Catholic University, except for one (Manuel Antonio Garreton, an engineer at the University of Chile). The other "founding fathers" were Bernardo Leighton ("The Brother"), Rafael Agustin Gumucio (in 1969 he established the Christian Left), Eduardo Frei, Radomiro Tomic, Rafael Maroto (now the spokesman for the MIR [Movement of the Revolutionary Left], and Eduardo Hamilton. A notable Christian democrat stated during an interview: "We are the schism within Christian thinking. The right wing clings to the gospel, while we are concerned with the rights of the poor" (however Eugenio Ortega, the conciliatory secretary general of the PDC, explains: "We do not describe others"). Perhaps for this reason they say that "being a PDC militant means serving the community."

Astute observers of the Christian democrats regard their Catholic inspiration as decisive. They apply the absolute system of theology to politics, and for this very reason are sectarian. "Basically, the Christian democrat fears contamination, and this fear leads to the desire to believe oneself pure." And one of these observers goes further. He explains the "terror" of the Christian democrats of appearing before the Disciplinary Tribunal (over which Francisco Cumplido now presides) as follows: "It is a danger of excommunication, of exclusion from the sociological group." Thus the Christian democrats "live and die" together. A recent survey of the party leaders at the base level made by the Christian democrat political scientist Carlos Hunneus indicated that 55.70 percent of those questioned have fellow party members as "close friends." Only 1.36 percent said that their friends were in the government. They also marry within their own group (in the older generation, Valdes is the father-in-law of Tomic, and in the younger, Pickering is married to Hamilton's niece). With the Aylwin, Zaldivar, Frei, Walker and Donoso families, we see whole Christian democratic clans. Laughingly, one of them admitted that "we are like a Masonic order. We recognize each other by smell." And he described the "typical" Christian democrat. "He is a middle-class man (except at the summit, naturally), a professional or a skilled worker. Grey of face, rather silent, he has a special way of speaking one can spot from a distance, and a subtle way of moving."

Key Figures

Perhaps this is the source of the Christian democrat's obsessive mystique concerning Unity (thus, with a capital letter), which he also calls "consensus," although this latter term has lost its sacrosanct aspect within the party. "Consensus is the best thing, but not the normal one. What is normal is internal democracy," Andres Zaldivar states emphatically. And all of this as a result of the most recent election of officers, during which feathers flew. The Valdes slate (more leftist or "involved" won by one vote over the Hamilton slate (more "moderate" or "expansive"). All of the Christian democrats thought there would be a split. By way of a lesson, the young technocrats drafted new internal bylaws putting an end to the two internal factions. In the future, internal elections would be by universal vote. In addition, the idea of electing a council of 20 to 30 leaders (in the fashion of the Italian PDC), who in turn would elect the top leadership, is

circulating. Concerned about unity, its advocates say that this would avoid the personal friction (to give it a name) and would clear the area for new leadership.

The threat of schism has lurked for years. The Christian democrats call it simply different "perceptions" which do not affect the ideological body. At the last national council meeting, they swore they would not go along with "those who want to show that the PDC is divided," in the words of the president of the FEUC [Federation of Catholic University Students], Tomas Jocelyn-Holt. They will not even admit they are divided by generations. "What are your relations with the top leadership?" we asked Jocelyn Holt. He answered, with obvious displeasure, "but what a pejorative term!" Gutemberg Martinez, another Christian democrat in the "middle" youth sector, explained: "Unity is a very vital thing for us, and we do not like to discuss our internal factions." But it is a fact that there are differences, and their source is the attitude toward the PCCh [Communist Party of Chile].

Among the workers one can distinguish between the "fat cats" (Rios, Vogel) and the more "entangled" (Seguel, Bustos). The same is true among the younger ones. Miguel Salazar is moderate, while Andres Palma is more "involved." And again, among the technocrats: on the one hand there are the more leftist inclined in the CIEPLAN (Alejandro Foxley, Nicolas Flano, Sergio Arellano), while on the other there are single names such as those of Andres Sanfuentes and Juan Villarzu.

An old story. It burst forth on 11 September 1973. While Patricio Aylwin was signing a statement recognizing that the Allende Government was not viable, 14 others (Leighton, Fuentealba, Sanhueza, Palma and Balbontin, among others) "categorically" condemned this declaration. It erupted to the surface again during the internal election in 1977 between Zaldivar (moderate) and Tomas Reyes, and in 1982 it was necessary to seek a "formula for consensus" which would ensure reconciliation once and for all. It was then that Gabriel Valdes Subercaseaux emerged. (Although those present at this meeting recalled that when Valdes said he represented the people, noting that he came from San Miguel, Claudio Orrego responded: "Obviously, you are indeed master of the Subercaseaux Plain. Of all of San Miguel.")

Today the key men in the "more impulsive" faction are without a doubt Ricardo Hormazabal and Claudio Huepe. In the moderate faction, there is Sergio Molina, even when he supported Valdes in the last election, and two "dark horses," Andres Zaldivar and Rafael Moreno, who implemented the agrarian reform, lives in Rome and because he is an agronomist, has a "feel for the weather." Nothing will phase him, they say. Therefore it is believed that the Zaldivar card will be played first, and then Moreno. Other key names include the ideologist Jaime Castillo. Possible presidential candidates are Eduardo Frei, "for the sake of the label," and Eduardo Boeninger.

Therefore they say that the "Buga" climbs like the "Bugambilia," as one individual explains it. All in all, the PDC puts emphasis on its party unity. And Zaldivar is right. "The fact that we have internal differences leads us to avoid identifying ourselves 100 percent with one position."

Party Flirtations

In November of 1984, an unnamed team from the U.S. embassy in Santiago submitted a report to the Council for Hemisphere Affairs in the United States. The contents said that the embassy saw the PDC "flirting secretly with the left," and it was insinuated that the party was to blame for the establishment of a state of emergency in Chile. Going even further, it said that the PDC, fearful of being pushed aside by leftist elements in the opposition, has in recent years blocked the more open approach proposed by the government, rejecting the two conditions on which the armed forces insisted--acceptance of the 1980 constitution and the retention of Pinochet as president until at least 1989. The document concludes with the statement that the state of emergency "is an indication of the end of the efforts the government has made to reach an agreement with the PDC.

The fact is that the view of the PDC from outside is cautious. It suffices to recall that the German embassy for a long time excluded Valdes from its guest list. The European Christian democratic parties are rightist in inclination. "The fact is their reality is different," our own PDC members explain. And their thinking is different too. Edgardo Boeninger explains clearly: "What is best about a Christian democratic party is that it explicitly assigns the same importance to freedom and equality. Thus these are center parties. However, as Chile is a country with a very serious shortage of equity, the PDC here emphasizes equity. And this makes it a center-leftist party." Valdes confirms his statement. "I can categorically define the PDC as center leftist.... When one is in the center, one is very close to the right wing, and it legitimately has a function in any country: to defend a certain order, certain rights. We believe that what there is in Chile today to defend is very little. Other Christian democrats contradict him. Ortega: "It is better to talk of consensus than divisions." Alejandro Silva Bascunan: "I have not seen this definition (center-leftist) in any document. I regard myself as centrist, but not center-leftist. The others, on the other hand, prefer to eliminate the word "center." They prefer to distinguish "humanist" parties (themselves, of course) from the "materialist" ones (Marxist and liberal, they say). And paraphrasing their teacher, Castillo, they assert that "we are not a centrist, but a vanguard party" (Carlos Hunneus). Jaime Castillo set other standards for them in various documents. "The center party is indubitable conservative, while the vanguard party is revolutionary.

And thus we have the predictable statement to the effect that "the PDC tries to represent moderation in change." This is Zaldivar's watchword. But change toward what, more than one person might ask. He responds: "The PDC is a democratic party which is always open to the search for the alliance schemes of greatest interest to the country." Jocelyn-Holt concludes: "The PDC has had a proposal for change which it has defended, and which has taken shape in this country through very different measures." Perhaps he is recalling that statement made by Leighton 20 years ago: "To defend democracy, I am prepared to join forces with the devil." For one should not ask the people where they come from, they insist, but rather where they are going (see subheading "Friends of the PDC"). Perhaps for this reason, Frei proclaimed, in 1964, although the PDC had won with right-wing votes, that it would not alter its program one iota, even for a million votes. Perhaps this was the reason that

it turned over the government to the UP [Popular Unity] in 1970, although it had been the alternative to it in 1964. Perhaps this was why it proclaimed the "noncapitalist path of development," and Tomic's program was entitled "Communal Socialism." Perhaps this was why, when the party saw its freedom threatened in 1972, it allied itself with the right wing in the CODE. And perhaps, finally, this was why the five sectors of the economy (private, cooperative, state, social, mixed), coinciding with the definitions by the PCCh, were announced in September of 1983.

Attitudinal Factors

That the PDC has an admitted "alliance" with the left wing and a secret one with the right wing is a fact. What the left wing tells them "hurts" them. Aggrieved, they complain: "When we engage in an alliance with the PPCh, the right wing says we are communists, but when we do not, the left wing calls us right-wingers." The left wing them is "blackmailing them" intelligently. They proclaim "unity" as a slogan and "play on the feeling of opposition members," Boeninger says.

This represents an anti-right wing complex. "This is the problem for the right wing, not for us," they say, washing their hands of it. And they go on to say that "the left wing is an important protagonist today, and the right wing is not." Carlos Hunneus: "This is a right wing which has no program. What can the right wing ask of the PDC? It is we who must demand something of it for the 12 years of dictatorship." Therefore Ortega says confidently that "our affinities are defined in the Democratic Alliance. This is the spectrum of parties with which we feel comfortable." And he hastens to add: "Obviously our relations are good with other sectors too. Such as the National Party. There are also emotional considerations. The PDC was born as a branch separating from the conservative trunk, and it is thus unable not to turn toward the right. Its members admit this. A well-known Christian democrat warns that "there is hatred between us and the right wing, because we are first cousins and there is no worse enmity than that between relatives. They regard us as having betrayed them." A very critical and caustic right-winger sees this reality symbolized by Frei, Tomic and Leighton, perhaps the most representative PDC leaders. "All three are of foreign and provincial origin, and all three married very typical wives from the Conservative Party class. It is because of this that conflict is predictable."

The right wing also criticizes the "third way" or "communalism," as they call it. ("This is our utopia," the PDC dreamers say.) The PDC claims to reject both capitalism and Marxism, but if indeed it has been foolish in its use of the term "anticapitalist," it has never, on the other hand, used the term "anticommunist" (see "Friends of the PDC). In addition, the right wing says, since the Christian democrats cannot function in the communist countries, in practice no other path is left to them but to proceed against capitalism alone. This pushes them toward an alliance with the left. A politician who knows them says: "The Christian democrats are champions at organizing things others do, but it is not they who are creators. They have a kind of complex according to which the individual who creates things becomes powerful, exploitive and capitalistic. They have been heavily penetrated by the Marxist

propaganda and vocabulary. They are like the Theology of the Liberation of the Church group."

But the left also complains. The MDP [Popular Democratic Movement] has an ambiguous view of the Christian democrats. It remembers the CODE and has the greatest mistrust of the Christian democrats. "They are the other face of the right wing, its modernization effort," they state emphatically. The democratic socialists, on the other hand, feel that the Christian democrats are suffocating them. "The progressive PDC is limiting our space and then pulls the left more to the left. It is polarizing the situation (as in the FECh [Student Federation of Chile]), and it does not allow anyone in the middle."

The Party of "Buts"

But polarization does not suit the PDC either. Enrique Krauss once said, laughing: "With the winds the government is causing to blow nowadays, it is pushing us all the more toward involvement than expansiveness." Internally, Valdes continues to be elected. This means that the moderate cards are being held back for the moment, but not discarded. It also means that leadership is being lost. Outside the party, polarized positions are losing to the PDC. (For example, in the FECh case, the PDC maintained its voting support, while that of the MDP and the University Front increased considerably. Obviously, the PDC hastened to make it clear that the FECh election "is of no importance to the country.") It is the provisional definitions which are killing it. Its relations with the PCCh and the signing of the agreement, with a 1989 deadline, not knowing with whom they would negotiate, the government or the armed forces--these are open subjects. "None of these are clear policies within the PDC, because we have wagered on the fall of the government. Viscerally, it is impossible to accept 1989," one member said sincerely. Within the party, these points have not even discussed. The reason? The existence of serious internal conflict. On the one hand there are those who favor creating a government alternative. On the other, the smaller faction, are those who want to give this program some grounding in the present for the purposes of transition. Bogged down as they are, they have no specific plan for transition. This is the lost link in the PDC. "No one has posed these questions because this would mean belling the cat. It is the admission that this gentleman will not fall today, but day after tomorrow."

The PDC has thus become the party of the "buts." The PDC does not seek pacts or alliances with the PCCh, but "this does not mean that on specific matters there is not agreement" (Zaldivar). They accept the 1980 constitution and the 1989 deadline as a fact, but they are working to ensure that "for the good of the country, we do not reach 1989 under these conditions." There is a desire to forget agrarian reform, but there is no guarantee it will not be repeated in the future. The PDC proclaims communalism as an ideal, but makes it clear that this is a "utopia" and that therefore it believes in private enterprise, as well. The Christian democrats keep their ideological body "unchangeable," and will continue to do so, but they insist that they are not messianic, that they will never govern alone again, and that instead of being an alternative to the left and right wings, they have become a bridge.

Therefore, and if despite everything you insist on being a Christian democrat, you will have to accept the statement by Valdes to the effect that "the PDC is a center-leftist party which words like a mechanism swinging to the left or the right as the circumstances dictate." You will have to accept this, even though it is Minister Cuadra who will have to defend it.

The "Friends of the PDC"

--On 6 September 1939, when the National Falange had existed independently for 9 months, a parliamentary pact was arranged with the Communist Party. It was signed by Manuel Garreton, president of the Falange, and a communist deputy, Jose Vega.

--In the March 1945 elections, electoral alliances were arranged between the Falange and the Communist Party. In numerous electoral districts, they ran on joint slates. Signatories included, among others, Eduardo Frei, president of the Falange, and Domingo Dominguez and Servando Vivanco, for the Communist Party.

--In the 1946 presidential election, the Falange yielded to the candidacy of Eduardo Cruz Coke. The alternative was Gabriel Gonzalez Videla, who was supported by the left. Opinions within the Falange were divided. R. Tomic, who advocated supporting Cruz Coke, won by one vote over R. Fuentealba, who favored Gonzalez Videla.

--On 27 March 1958, following the election of a deputy for the Third Santiago District (Enrique Edwards, supported by J. Alessandri), the Democratic Reform Bloc was formed, including the political forces following Frei, Bossay (radical) and Allende. "It was necessary to prevent Alessandri from winning the next presidential election."

--In 1970, the preelectoral arrangement between candidates R. Tomic and S. Allende was denounced, making it possible to elect the leftist candidate with the votes of the PDC majority in the plenary congress.

--In 1972, the PDC joined the CODE (National Party, PDC and the bulk of the radical sector), an alliance against the UP government.

--On 6 August 1983, the Democratic Alliance was formed (PDC, radicals, socialists and republican right wing).

--In August of 1985, the National Agreement was signed by groups ranging from the socialists on the left to the MUN [National Unity Movement] on the right.

What the Public Thinks of the Christian Democrats

The following are the six spontaneous responses most frequently given as to "good things about the PDC" (open question with up to three responses):

It is trying to return to democracy	8.8%
It was better with Frei than now	6.5
It recognizes the right to an opinion	4.0
It is fairer with the people	4.0
There is nothing good about it	3.5
It respects human rights	3.2

The following are the six responses most frequently given concerning "bad things about the PDC" (open question with up to three responses):

There is nothing bad	9.3%
Vague, undecided--frequent changes	3.1
Acts jointly with the left	2.7
Lacks leaders	2.5
Internally divided	1.8
Pure demagogy--promises	1.7

What the Christian Democrats Think of the Others

Level of Christian Democrats' sympathy with the other political parties:

	Greatest Antipathy (%)	Greatest Sympathy (%)
Liberals	5.47	--
Radical Democrats	17.8	0.7
United Popular Action Movement (MAPU)	21.23	0.7
Democratic Alliance	1.37	19.86
Christian Left	16.44	--
UDI-Unionists	66.44	--
National Party	20.54	--
Radical Party	6.85	0.77
National Union	39.72	--
Socialist Convergence	6.16	--
Communist Party	34.93	--
Socialist Party (Alliance)	2.05	7.53
Socialist Party (MDP)	23.98	--
MAN	65.07	0.7
MIR	76.02	0.7

Source: Center for Studies of the Modern Reality (CERC). Carlos Hunneus in charge.

Superposed Votes?

	Christian Democrats	Right Wing
1953 Parliamentary	2.84% (Falangists)	24.98% (Conservatives and Liberals)
1957 Parliamentary	9.42%	32.97%
1961 Parliamentary	15.42%	30.35%
1964 Presidential	E. Frei, 48.33%/S. Allende, 33.55%/J. Duran, 4.30%	
1965 Parliamentary	42.00%	12.47%
1970 Presidential	R. Tomic, 23.22%/S. Allende, 30.24%/J. Alessandri, 29.1%	
1973 Parliamentary	29.00%	21.31%

5157
CSO: 8148/456

CANO LIMON EXPLOITATION GIVES NATION OIL SELF-SUFFICIENCY

Bogota EL TIEMPO in Spanish 12 Dec 85 pp 1-A, 8-A

[Article by Jose Suarez]

[Text] Colombia again began to enjoy oil self-sufficiency when the Cano Limon oil field in Arauca began producing an initial volume of 30,000 barrels per day of top-quality crude.

Cano Limon is the main productive field discovered in recent decades in Colombia. It has more than 1.3 billion barrels in reserves; between 600 and 700 million will be easily recoverable.

Production officially began when the German company Mannesmann turned over the pipeline between Cano Limon and Zulia (from Arauca to Norte de Santander) within the deadline in the construction contract despite the serious problems it faced.

ECOPETROL [Colombian Petroleum Enterprise] reported that the German firm, which specializes in that type of project, turned over the pipeline, the pumping stations, and the storage tanks on 7 December as had been planned from the beginning. For completing the project in time, Mannesmann will earn a bonus of several million dollars. If it had not, it would have been fined an equal amount.

National oil production, not including Cano Limon, had reached more than 180,000 barrels per day. With the 30,000 barrels per day that Cano Limon will initially produce, national production totals about 215,000 barrels per day, enough to take care of the domestic demand.

The figures for last November reveal a drop of 21,000 barrels per day due to the damage and interruptions caused by the eruption of Nevado del Ruiz. However, this is a temporary situation, according to ECOPETROL sources.

The first stage of the pipeline constructed by Mannesmann has a capacity of 90,000 barrels per day. The initial cost of the project was $215 million. Its 18- and 20-inch pipes extend 300 kilometers. ECOPETROL financed 50 percent of the project and Occidental-Shell financed 50 percent, based on the Cravo Norte association contract.

ECOPETROL reported that, in compliance with that contract and keeping in mind the delivery of the pipeline, "a test period of partial production of the Cano Limon, La Yuca, and Matanegra fields began at an initial rate of 30,000 barrels per day."

The oil will be temporarily stored at the main facilities of these fields in order to accumulate the required volume to displace the water from the line.

The means of transportation (pipelines) of Chevron and ECOPETROL at Zulia station in Norte de Santander will be used temporarily to move the oil produced by those wells to refineries in Barrancabermeja and Cartagena.

According to ECOPETROL, the temporary production tests of the different wells in these three fields will help establish important parameters in order to define the optimal rates of exploitation for the different deposits through the development wells already drilled.

These rates must receive final approval from government authorities (Ministry of Mines and Energy) which are now studying their establishment and approval.

The Cano Limon project does not now include exports. This will only be added if the government makes that decision when the pipeline from Zulia to the port of Covenas is finished. This second project is 460 kilometers long with an initial cost of $400 million. Execution of the project was awarded to a U.S. firm.

That second segment of the pipeline which would permit exports, possibly by the end of 1986, has been disputed by experts in the oil field. The National Congress is about to begin debate on it.

Oil industry sources stated yesterday that although they are making initial tests, it is a fact that Cano Limon has already begun producing oil and the country has regained its self-sufficiency in that field.

7717
CSO: 3348/319

COLOMBIA

NATIONAL 1985 CENSUS PROJECTS 27.6 MILLION POPULATION

Bogota EL TIEMPO in Spanish 21 Dec 85 pp 1-A, 8-A

[Article by Gloria Vallejo]

[Text] Yesterday Mauricio Ferro, director of DANE [National Administrative Department of Statistics], reported that Colombia has 27.6 million inhabitants, according to the October census. He said: "There are not as many of us as the man on the street and even statistics experts assumed."

This figure was projected based on the results of the 96 percent officially calculated.

Neither is it true that there are 15 or 17 million people of voting age as was thought. Ferro Calvo said that the potential electorate barely reaches 13 million.

One of the basic reasons the population has not grown at the rate everyone assumed, using higher population statistics than they should, lies in the fact that the demographic rate went down from 3 percent between 1964 and 1973 to slightly more than 1.5 percent, acccording to the director of the DANE.

The results of the 1985 Census disappoint many men who still thought that there were almost 7.5 women for each man. According to the data presented by the director of DANE, there are 12,736,601 men and 13,184,860 women in Colombia, 49.1 percent and 50.9 percent respectively.

The census also showed that emigration from the country to the cities, especially toward the large capital cities, has gone down considerably. However, there has been an increase in intermediate cities and in the towns that surround large urban nuclei.

Ferro said that the question is: How much did factors related to the generation of employment and the cost of public services affect the fact that the people prefer to live in surrounding towns instead of living in Bogota, for example?

120 Municipalities Left

Ferro reported that of the 998 municipalities in the country, 120 have still not carried out the census and 26 must still organize the information. The census has been completed in 13 departments; 10 departments still have municipalities to survey.

The country has 30 municipalities with more than 100,000 inhabitants for a total of 13.7 million, 49.5 percent of the total population of Colombia. There are 64 municipalities with 50,000 inhabitants and 213 with only 20,000.

Metropolitan Areas

The population of the metropolitan areas of Bogota--the city and annexed municipalities--is 3,967,988 or 14.3 percent of the total population of Colombia.

There are 2,068,892 people in Medellin and Valle de Aburra, 394,954 in Cali, and 1,067,151 in Barranquilla.

Ferro revealed that this is important because it indicates that Colombia is a country with several major urban centers unlike other countries where the capital contains a very high percentage of the population.

Reality Was Different

The census showed that the rate of growth of the urban population was not as predicted. It went from 3 percent in the period between 1964 and 1973 to practically half, 1.5 percent per year.

Ferro considered this rate to be especially important since the predictions that had been made in studies for the construction of infrastructure as well as for the electrical sector and services were not based on reality.

He emphasized that it is already well known that the population of Bogota is barely 4 million inhabitants, not 6 million as those studies had indicated. He said: "In other words, the rate of investment in the infrastructure of public projects has to be seriously reconsidered."

He added that these data would seem to show why the population feels oppressed by the public service rates. It is "plainly and simply because a much lower number of people is paying for infrastructure for inflated population figures."

Fewer Births

He also indicated that the drastic reduction in the growth rate is due to birth control efforts made in recent years.

He indicated: "The results imply an irreversible change in the mentality of the population, especially in the attitude of the women."

He presented a hypothesis that he felt can be confirmed when the final census data are delivered in the middle of 1986. In recent years the average age when women have their first child has risen noticeably. Also the number of children that they usually have has decreased.

Evolution of the Population

According to the censuses, the urban-rural population has evolved with a progressive migration from the country to the city. In the 1938 census, 30 percent of the population was urban and lived in the main cities and 70 percent was rural. Today, 72 percent lives in the main cities and only 28 percent in the country.

In 1951, the rural population equaled 42 percent and that of the cities, 58 percent. In 1964, 48 percent lived in the country and 52 percent in the urban areas. By 1973, 39 percent lived in the country and 61 percent in the city which means that the process of urbanization has been consolidated in recent years, according to Ferro.

The following is the preliminary list of the 1985 population census.

Area	Population
Antioquia	3,438,179
Medellin	1,473,351
Atlantico	1,406,545
Barranquilla	891,545
Bogota, D.E.	3,967,988
Bolivar	1,167,937
Cartagena	529,622
Boyaca	1,079,982
Tunja	93,159
Caldas	789,730
Manizales	299,656
Risaralda	19,538
Caqueta	169,159
Florencia	77,598
Cauca	669,609
Popayan	156,530
Cesar	584,152
Valledupar	196,984
Cordoba	828,424
Monteria	229,207
Cundinamarca	1,281,909
Choco	63,206
Quibdo	47,898
Huila	636,642
Neiva	193,101
Guajira	238,564
Riohacha	75,584
Magdalena	760,611

Area	Population
Santa Marta	215,540
Meta	303,036
Villavicencio	173,932
Narino	848,618
Pasto	244,559
Norte de Santander	871,966
Cucuta	378,282
Armenia	186,604
Risaralda	623,756
Pereira	286,743
Santander	1,427,110
Bucaramanga	350,210
Sucre	523,525
Sincelejo	133,911
Tolima	1,006,771
Ibague	285,409
Valle	2,784,365
Cali	1,344,488
Casanaare	1,737
San Andres	36,515
Providencia	3,325
Amazonas	13,210
Leticia	13,210
Guainia	3,311
Puerto Inirida	3,311
Guaviare	12,351
S. Jose del Guaviare	12,351
Vaupes	3,414
Mitu	3,414
Vichada	3,377
Puerto Carreno	3,377

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CSO: 3348/319

COLOMBIA

BRIEFS

FREEZE DAMAGES POTATOES, GRASSLANDS--The hardest freeze in the history of the Sabana de Bogota and Boyaca hurt more than 140,000 hectares of grasslands and destroyed 200,000 tons of potatoes yesterday, causing losses of 4 billion pesos. The freeze lasted 10 hours in some areas. The lowest temperature reached was 4 degrees below 0 Centigrade at 6 am on the outskirts of Madrid. However, Emigdio Collantes, assistant director in charge of meteorology at HIMAT [Colombian Institute of Hydrology, Meteorology, and Land Adaptation], explained to EL TIEMPO that the damage was not so much caused by the low temperature as by its long duration. The president of FEDEPAPA, Augusto del Valle, revealed that, of the 60,000 hectares planted in Cundinamarca and Boyaca during the second half of this year, about 6 percent which was in flower froze and another 15 percent was lost in low yield. Therefore, 200,000 tons of the 900,000 tons that were to be harvested in the first half of next year were lost. This meant a loss of 4 billion pesos since 1 kilo picked up at the farm costs 20 pesos. These losses must be added to the 120,000 tons worth 2 billion pesos destroyed by the November frosts in Narino. This will probably mean that potato prices will rise next year. The government will give small farmers who were hurt most an extension of at least 3 years on their obligations, without payment of capital or interest during the first year. Jairo Hernando Arias, manager of ANALAC [National Association of Milk Producers], estimated that more than 140,000 hectares of Sabana grasslands were burned by the frost. He felt that the livestock sector had suffered very serious problems this year: the loss of hay from Armero, the heavy rains, foot and mouth disease, and now summer. He estimated that the accumulated losses due to these phenomena totaled 2 billion pesos so far. He explained that the livestock sector now had to make large investments in concentrated food and forage, oats, sorghum, and rice flour in order to feed the animals. [By Hector H. Trujillo] [Excerpts] [Bogota EL TIEMPO in Spanish 20 Dec 85 pp 1-A, 5-B] 7717

CSO: 3348/319

MINERAL TECHNOLOGY PACT SIGNED WITH PRC

Guatemala City PRENSA LIBRE in Spanish 19 Dec 85 p 14

[Text] The governments of Guatemala and the Republic of China yesterday signed a "mineral technology cooperation" agreement during a ceremony at the Foreign Relations Ministry.

Signing on behalf of the Chinese Government was the republic's ambassador, Dr I-Cheng Loh, while the government of Guatemala was represented by Foreign Relations Minister Fernando Andrado Diaz-Duran.

Also present were the deputy foreign minister, Gustavo Santizo Galvez; the deputy minister of energy and mines, Manuel Hiram Maza Castellanos; engineers Tsong-Tse Chang, Kuo-pang Tai and Chun-Tse Lin, and other officials from the Chinese Embassy.

An offical from the Foreign Ministry first read the agreement, and then the respective documents were signed.

Mr Maza Castellanos gave a speech on behalf of Energy and Mines Minister Sigfrido Alejandro Contreras Molina. The deputy minister thanked the Government of the Republic of China for the support that it is providing to Guatemala's mining industry; it has, for example, donated $70,000 worth of equipment that will be used in mining research.

Mining engineers Tsong-Tse Chang, Kuo-Pang Tai and Chun-Tse Lin have come to Guatemala under the agreement. They have been here since last September to conduct mining studies.

According to the Chinese Embassy, the technical mining mission that the Chinese Governemnt has sent is made up of personnel who are highly skilled and experienced in the economic analysis and technical investigation of minerals.

The mission will be doing mining assessment and research work. It will also compile economic statistics to ascertain the nonmetal minerals that are most important to the country's economy.

The mission is also preparing a 5-10 year study on the feasibility of exploiting nonmetal minerals and offering assistance to prospect for diatomite and bentonite in Guatemala.

It will also pursue a general work program to assess the potential use of these minerals in industry, to analyze the quality of the deposits and to provide technical training to Guatemalans in all of the above areas.

The Republic of China has also donated laboratory equipment that the ministry's General Mining Bureau needs to process minerals and to conduct tests on metal and nonmetal minerals. The equipment is already in Guatemala and will be unveiled today by the Chinese ambassador, Dr I-Cheng Loh, and by Energy and Mines Minister Sigfrido Alejandro Contreras Molina.

8743
CSO: 3248/151

CHURCH ASKS GOVERNMENT TO SEARCH FOR MISSING

Guatemala City PRENSA LIBRE in Spanish 12 Dec 85 p 5

[Text] "The Catholic Church will ask the new government to investigate the cases of the many Guatemalans who have been kidnapped or have disappeared in recent days," Monsignor Prospero Penados del Barrio, the archbishop of Guatemala, stated yesterday at a press conference in the archbishop's residence.

He also said that a "democratic atmosphere is beginning to be felt in the country, and this is encouraging; this is what the people have been hoping for for a long time."

"What people want is peace and justice, an end to the persecution of citizens, kidnappings and disappearances."

As far as the Mutual Support Group (GAM) is concerned, the archbishop stated that "the Church has to be on the side of the needy even if they use violence."

"For example, they violently occupied the cathedral, stealing the keys from the parish house, which was really not necessary. In addition, I have seen a news report indicating that they are receiving instructions from groups in the United States that are pursuing not altogether clear aims."

"Other groups from Europe," he went on to say, "invited me there to discuss human rights in Guatemala with them. The trips were completely paid for, but I declined because I realized that their goals were very self-interested, especially now that there is a democratic, popularly elected government here."

The Church's Stance and the New Government

With regard to the Church's stand towards the new government that will take office in January, the archbishop of Guatemala said that it would remain the same. In other words, when it sees something good, it will applaud, but if "it sees unjust actions that are harmful to the people, it will have to condemn them."

"The Church always has to be on the side of the neediest, in accordance with Christian doctrine."

He clarified that "it is not true that the Church has campaigned for the Christian Democrats."

"I do not know Vinicio Cerezo; I have never dealt with him personally. I can also say that I have never seen Vinicio at mass. I think that his victory stemmed from the specific, positive proposals that he offered to Guatemalan society, which needed a change."

With regard to the missing, Archbishop Penados reiterated that at the proper time he would ask the government to administer justice, to search for the missing or the kidnapped. Even though other governments were responsible, the new president must lend his ear and administer justice.

8743
CSO: 3248/148

MLN DENIES CHARGES OF TIES WITH ESA

Guatemala City PRENSA LIBRE in Spanish 18 Dec 85 p 6

[Text] "I denounce the attempt to link the National Liberation Movement (MLN) with the underground rightwing group known as the Secret Anticommunist Army (ESA), in whose name pamphlets are being circulated threatening Nicaraguan President Daniel Ortega when he comes here," Dr Hector Aragon Quinonez, the MLN's secretary general, said yesterday.

"We have never approved of rightwing terrorist groups. We have shown so over the 12 years that I have belonged to the MLN. The party has evolved, and this January the changes in it will be made public.

"The MLN has been the victim of underground groups, inasmuch as in each congressional session since 1964 we have lost some of our legislators, such as Oliverio Castaneda, Bernal Hernandez, Jorge Torres Ocampo and Santos Hernandez in the Constitutional Congress.

"We in the MLN have been victims and we want the authorities to conduct an investigation into the ESA and to take its members into custody.

"These groups must have links with previous groups, because nothing has ever been found out about any of our leaders who were kidnap victims or whose blood was shed."

With regard to Daniel Ortega, he said that there is a cancer in Nicaragua. He does not care for the government there, but if the new president has invited him, it must be part of his foreign policy.

"All guests must be accorded due protection, because Guatemala needs to improve its international image through actions. The next government must provide security for our people and especially for guests. I don't think that he's going to have any problem in our country. If they have invited him, we have to respect the new authorities. Afterwards we will voice criticism and engage in constructive opposition."

8743
CSO: 3248/151

GUATEMALA

BRIEFS

CARPIO DENIES PARTY STRIFE--"There is no battle between Jorge Carpio Nicolle and me for the post of secretary general of the National Center Union [UCN]," Ramiro de Leon Carpio, the secretary general of the UCN, stated yesterday. He said that the report in another news medium about a "battle" is untrue, calling it speculation designed to damage the party and tarnish its image. "We are solidly united behind Jorge Carpio now," he indicated. "He is currently the chairman of the UCN Political Council, and under the party's bylaws he is the party's president and I am its secretary general. The UCN is consolidating in the wake of the elections on the 8th of this month. We will soon meet with all the leadership bodies, with our legislators elect, etc, to reorganize and, in particular, to set up the Political Training Institute and take a series of steps to strengthen the UCN, which has strong support at the polls and is the country's second largest political force." [Text] [Guatemala City PRENSA LIBRE in Spanish 17 Dec 85 p 2] 8743

ARMY'S ROLE SPELLED OUT--"The army was not created to govern, but rather to safeguard the country's sovereignty," asserted Lt Col Leonel De Leon Guillen, the commander of the Presidential Guard, at the ceremony last Friday commemorating the 37th anniversary of the guard's founding. Officiating at the ceremony were the chief of state, Gen Oscar Humberto Mejia Victores; the assistant chief of state, Gen Rodolfo Lobos Zamora; the chief executive's chief of staff, Col Julio Cesar Ruano Herrera, and the commander of the chief of state's guard. In his speech De Leon Guillen said that he was convinced that all of the army's actions are based on love for Guatemala, on respect for its laws and on an effort to guarantee the country's institutional order, so that citizens can fulfill their ideal of living in a free, organized and orderly society. "We believe in democracy as a system and in political pluralism as the voice of the people. Proof of this was that we guaranteed that future governments would be the result of free, legitimate and authentic elections," he added. Attending the ceremony as special guests were members of the army high command, commanders of the military corps in the capital, government officials and accredited military attaches from friendly nations. [Text] [Guatemala City PRENSA LIBRE in Spanish 18 Dec 85 p 2] 8743

WOMEN'S VOTE UP SHARPLY--The involvement of women in the country's political life was strikingly obvious at yesterday's election, as Guatemalans democratically chose their future president and vice president. Many women of different ages could be seen walking through the streets towards their polling

places, some carrying bags of food because they thought that they would have to wait on line as in previous years. It used to be very rare to see women standing on line to vote; they did not become involved because they thought that voting was a duty for men only. Yesterday, however, women were strikingly involved in the selection of our future governmental authorities. Several women arrived at polling places carrying small children, with their husbands carrying another in some cases; we can thus gather that Guatemalan families were caught up in the spirit of this election. After casting their ballots voters took advantage of the many food stands that were set up near polling places. Several citizens commented yesterday that the election was marked by order and political maturity, which made it a true civic celebration. [Text] [Guatemala City PRENSA LIBRE in Spanish 9 Dec 85 p 12] 8743

SOLORZANO DENIES PSD-DCG ALLIANCE--"The fact that I accompanied the president elect on his trip through Central America does not mean that there is an alliance between the Democratic Socialist Party (PSD) and Christian Democracy," said Dr Mario Solarzano Martinez, the former PSD presidential candidate. "Vinicio Cerezo Arevalo invited me, and I can describe my opinion on the talks that he and the Central American presidents held as very positive because they reaffirmed that the willingness to dialogue is a decisive factor for peace in the region. Moreover," Dr Solarzano said, "the advantage of Mr Cerezo Arevalo's assertion that he would pursue a policy of neutrality is that it facilitates direct commercial dealings, with arrangements for direct or barter payments." The Socialist leader underscored that in general the trip was looked upon favorably by all sectors because it showed that Guatemalan politics is civilized, given that the president elect invited along the representative of the leftwing opposition, who will be pointing out the new administration's mistakes or applauding its moves if they help the people. [Text] [Guatemala City PRENSA LIBRE in Spanish 19 Dec 85 p 4] 8743

CSO: 3248/151

COLOMBIAN, CANADIAN DELEGATES ATTEND COMMUNIST CONGRESS

Mexico City PROCESO in Spanish No 472, 18 Nov 85 p 47

["Press Communique" issued after Communist Party of Mexico (Marxist-Leninist) I Congress, November 1985; published earlier in Mexico City, PROCESO, No 471, of 11 Nov 85, p 4]

[Text] The Communist Party of Mexico (Marxist-Leninist) successfully held its First Congress somewhere in Mexico this past 1, 2 and 3 November.

In the militant presence of the Marxist-Leninist Communist parties of Colombia and Canada and amid numerous greetings from sister parties and Mexican revolutionary organizations, almost 100 Communist delegates from all over the country reaffirmed their commitment to struggle in an organized fashion for the overthrow of capitalism, the financial oligarchy and imperialist intervention and for the socialist revolution.

The preparations, work and results of this Communist Congress were marked by a profound revolutionary spirit of camaraderie, as exemplified, among other things, by the unanimous approval of the political report submitted by the Central Committee and of the political line documents (the Declaration of Principles, Program and Bylaws), as well as by the approval by acclamation of the outgoing Central Committee to head the newly elected leadership.

In this regard, the Communist Congress was a success not only for our country's Communists but for Communists throughout the world. The Congress thus reaffirmed the successes of the recent multilateral meeting of Marxist-Leninist parties last October in Quito, Ecuador and, at the same time, made an active commitment to work for the success of the Ninth International Camp of Anti-Imperialist and Antifascist Youth, which will be held in Nicaragua in July 1986.

In light of the worsening general crisis of the bourgeois system and the fiasco of the so-called "Mexican Left" (revisionists, opportunists and Social Democrats) and in view of the need to perform the urgent tasks of the national revolutionary movement, in keeping with the world revolutionary process, the triumph of the Marxist-Leninist Communist Congress highlights the importance of striving for a combative, unified and class-oriented May Day, on the occasion of the 100th anniversary of the heroism of the "Chicago Martyrs," and

the importance of strengthening the Communist Party of Mexico (Marxist-Leninist) as the party of the Mexican working class by boldly expanding its forces and enhancing its ability to lead the socialist revolution.

Revolutionarily, November 1985
First Congress of the Communist Party of Mexico (Marxist-Leninist)

8743
CSO: 3248/145

MEXICO

RELIGIOUS CENTER STUDY SURVEYS PROTESTANT, RELATED GROUPS

Mexico City EXCELSIOR in Spanish 14 Dec 85 pp 1-A, 13-A

[Article by R. Hernandez]

[Text] Matamoros, Tamaulipas, 13 Dec--The religious beliefs of Mexicans have expanded and diversified since late last century, when the first Protestant pastors arrived from the United States. Today, more than a half million persons belong to these congregations and practice their teachings.

The history, teachings and current presence of the Charismatic, Pentecostal, Puritan, Baptist, Congregational, Methodist, Disciples, Quaker, Lutheran, Nazarene and ecumenical sects were summarized by one of their representatives: the Center for Ecumenical Studies and Projects (CECOPE), which is run by Raul Macin.

The institutional status of these "churches" or sects, according to the Catholic Church, is reflected not only in the size of their congregations but also in their property, assets and centers, all of which have to do with education and philanthropy, according to Raul Macin's study.

They run colleges in the Federal District, Toluca, Morelos and in each of the northern border states; social centers, primary and boarding schools in the above states and in the central part of the country; hospitals such as De la Luz in Morelia, Michoacan and the Latin American Hospital in Puebla; camps, such as the one in the state of Morelos; farm schools in Huantepec, Mexico State; secondary schools, such as Juarez in Coyoacan, the Internacional in Guadalajara, and La Concordia in the Federal District.

The largest congregations, according to the study, are the Pentecostalists, who account for 70 percent of the country's Protestants. They have more than 100 churches and are the only sect that has missions in Central America.

Coordination

The second largest sect is the Presbyterians, who are active mainly in the southern part of the country. They and the Calvinists established the Synod of the Gulf, to which all of the congregations in the southern region belong

in an effort to better coordinate their activities, again according to the CECOPE study.

Their presence is especially noticeable in cities such as this one and all along the border, and they do regular work among Mexican Indians. Raul Macin says that as of 1974, for example, the Bible had been translated into more than 70 indigenous languages and that a million copies of the Spanish edition are printed every year.

Max Rojas, another member of CECOPE, asserts that the Protestant churches in Mexico are without exception conservative and U.S.-based. He notes, however, that individuals or groups that have become involved in social struggles have emerged within them.

Raul Macin, a former Baptist, says that certain extreme rightwing, anticommunist groups are active in these churches, such as the John Birch Society, the Student Crusade for Christ Alfa-Omega, the Intervaristy and Billy Graham Enterprises. All of them are active in Mexico.

He mentions that on the other side there are ecumenical groups comprising Presbyterians and Baptists who espouse the theology of liberation and advocate dialogue between Marxists and Christians.

According to the CECOPE study, the first Protestant congregations in Mexico were formed after independence by the officials and workers of foreign companies. Between 1850 and 1972 the incipient congregations received support from liberals, with whom they shared the goal of confronting the Catholic Church.

"To Help Us out of the Darkness"

Quoting the World Missionary Atlas of 1925, the study says that "in 1925, 19 Protestant sects crossed the Rio Grande to charitably help us out of the darkness of idolatry. It was the Baptists, however, who were first active here, in 1889, backed by the Southern Church of the United States."

This sect began its proselytizing in 1950. In 1963 the Mexican Baptist Convention was divided into 13 districts, and 55 of its 190 congregations were self-sustaining.

Among its missionaries' accomplishments are several schools, boarding schools and hospitals, including the Latin American Hospital in Puebla. For theological training it has two seminaries, one in Torreon and the other in Mexico City; the latter made a name for itself throughout Latin America when it said that a new liberating theology and a different type of pastoral were needed.

The study outlines the history of each of the Protestant sects in Mexico and their current presence. It says the following about the Presbyterians, who are the second largest group:

"They have 3 synods, 14 presbyteries, 170 organized congregations and countless preaching places. The sect is strongly established in the southern part of the country. It has more than 5,000 members in Tabasco alone and has 6,000 members among the cholos and tzetales (Chiapas).

"It has done considerable institutional work, with schools such as Juarez in Coyoacan and hospitals such as De la Luz in Morelia."

Pentecostals Number One

The main Protestant church in Mexico is the Pentecostal. "It has grown quickly in this country and all over Latin America, accounting for more than 70 percent of the Protestants in Mexico and operating more than 100 churches. Enthusiastic proselytizers have had much success among the lower-income classes."

Although their roots are also in the United States, many of the Pentecostal churches are Mexican. For example, the Assemblies of God have doctrines similar to those of the Catholic Church, but their form of governance is different. They have 300 pastors who have been ordained at biblical institutes and more than 600 extremely moralistic congregations. They are widespread in Sonora, Sinaloa, Tamaulipas, Nuevo Leon, Chihuahua and the Federal District.

In all, there are 12 major Protestant churches in Mexico, but the number of small churches is on the rise, the CECOPE study says. Max Rojas notes in the study that these churches are still a minority in the country and that there are other, even smaller progressive minorities within them. The conservative sects from the United States predominate, however, and coincidentally they are active in cities that are important to the country's economy. In 1985 the Protestant churches or sects continue to worry the Catholic Church hierarchy and perhaps to transform the lifestyles of thousands of Mexicans.

8743
CSO: 3248/145

MEXICO CITY METROPOLITAN AREA COST OF LIVING RAW DATA

Survey of Vegetables

Mexico City EL DIA (METROPOLI supplement) in Spanish 9 Oct 85 p 9

[Text] The cost of green vegetables shot up 50 percent in the public markets on the outskirts of the Federal District, met with protests and general annoyance on the part of housewives and consumers.

The prices cited below were discovered by the reporter in the NZT [Naucalpan-Zaragoza-Tlalnepantla] zone; but according to merchants and tenants, the rates have spread to all the municipalities in Valle de Mexico.

A kilogram of tomatoes rose in price from 100 to 200 pesos; white potatoes cost 90, and yellow potatotes, 100; poblano chile rose in price to 250; serrano chile is priced at 400; onions with stalks are sold for 80; and those with large bulbs, for 50.

Prickly pear leaves cost 100 pesos for four; garlic fluctuates between 80 and 150 pesos, depending on the piece.

Cauliflower, depending on the piece, costs from 200 to 500 pesos; radishes range from 80 to 100 pesos a bunch; carrots cost 120 pesos per kilogram, etc.

The housewives expressed their indignation because of their inability to find brown sugar anywhere, not even in the CONASUPO shops, establishments and supermarkets, much less in the large commercial stores, such as Aurrera, Mexican Commercial, White, Giant, Sumesa, Suburbia, De Todo, El Sardinero, and others in Naucalpan, Tlalnepantla, Coacalco, Tuititlan, Atizapan, Nezahualcoyotl, Ecatepec, Nicolas Romero, etc.

Water, 80-100 Pesos

Mexico City EL DIA (METROPOLI supplement) in Spanish 22 Oct 85 p 9

[Text] With the obvious complicity of certain municipal officials, dozens of owners of water tank trucks and smallscale water vendors are becoming rich by speculating with the drinking water being sold at between 80 and 100 pesos a 200-liter barrel in colonias [urban communities] and subdivisions of the eastern zone of the town, including areas in the northern section of Ciudad

Nezahualcoyotl. This assertion was made by Celso Contreras Quevedo, state secretary general of the People's Revolutionary Movement (MRP).

He added that, in some communities, such as Jardines de Morelos, Jardines de Santa Clara, Santa Clara, Xalostoc, Tulpetlac, Guadalupe Victoria, San Isidro, Santo Tomas Chiconautla, and others, housewives are forced to pay up to 100 pesos for a 200-liter barrel, 50 pesos for a large jar, 25 pesos for an alcohol bottle full, and 15 pesos for a pail.

He said that, despite this, it is the only way in which the people residing in those communities can procure the liquid that they need to meet their most fundamental needs; because the majority of them are irregular settlements which, up until now, have lacked distribution systems, drainage, paving, and other public and urban services.

The Extracted Water Is From Municipal Wells

Celso Contreras Quevedo charges that the business is enormous for the water tank truck operators and smallscale water vendors, because they obtain the water from hydrants which are controlled by the heads of the cooperation councils of Santa Clara, San Pedro Xalostoc, Tulpetlac, Guadalupe Victoria, San Isidro, Santo Tomas Chiconautla, Ruiz Cortines, and Santa Maria Chiconautla.

Milk at 120 Pesos

Mexico City EL DIA (METROPOLI supplement) in Spanish 23 Oct 85 p 9

[Text] Cuautitlan, Mexico City, 22 October--Last week, the price of raw milk jumped to 120 pesos per liter, without anyone doing anything to prevent it. Its previous price was 100 pesos.

The producers from the Cuautitlan basin argued that the rise was due to the fact that there is no forage for feeding the cattle and the price of the balanced feed, for which the multinational firm Purina is responsible, has increased, making the maintenance of the livestock more expensive.

Mr Gabriel Suarez, owner of the La Palma farm, said that, in the northern settlements in Valle de Mexico, in addition to being in short supply, the product is expensive (120 pesos per liter); and in some shopping centers, bakeries, and authorized shops, its sale is being made subject to conditions. In other words, if the consumer does not buy other items, the milk is not sold to him.

As a result, housewives and consumers as a whole are requesting the intervention of the authorities in the Secretariat of Commerce and Industrial Development, in order to impose a rate on the dairy owners of Coacalco, Melchor Ocampo, Zumpango, Cuautitlan, Teoloyucan, Huehuetoca, Coyotepec, Tepotzotlan, Apasco, etc.

2909
CSO: 3248/139

APRA, IU DEPUTIES AGREE ON USSR FISHING OBLIGATION

Lima EL COMERCIO in Spanish 14 Dec 85 p A-3

[Text] The Soviets must pay the Peruvian treasury if it is verified that they have not paid income taxes, according to several APRA [American Popular Revolutionary Alliance] and IU [United Left] parliamentarians when asked about the accusation the PPC [Popular Christian Party] made in the Chamber of Deputies.

Several of those interviewed stated that they will vote in favor of the request presented by the PPC bench. Among other things, it asks the Ministry of Economy and Finance to have the General Tax Directorate inform the Chamber of Deputies about the fulfillment of all tax obligations by the Soviet fishing enterprises.

Representatives of both benches had harsh words for deputy Enrique Elias Laroza who made the accusation.

They said that it was untimely which made it look political.

There Is No Contingency; They Must Pay

APRA deputy Zozimo Vicuna Vidal said that if the debt exists, it must be collected. He pointed out emphatically: "There is no contingency; they must pay." He argued that, in any case, it will be necessary to open a careful investigation based on the PPC accusation.

He indicated: "However, I notice that deputy Elias Laroza did not worry about justice reigning in everything when he was minister of justice but he does now. I am happy, though, that people reconsider and then take the right road."

He also said that he will vote in favor of the request because "anything that is for the good of the country will always receive our support."

Necessary to Act Sovereignly

Leftist deputy Benza Pflucker said: "If that large debt really exists, Peru would have to act sovereignly."

He said that in such a case when the defense of the natural resources of the country is at stake, it is necessary to unite in a common cause. There must be a wide-ranging and careful investigation of the charges against the Soviet fishing fleet.

He indicated: "I emphasize that Peru must also take this sovereign position toward other foreign enterprises like Southern Peru, Occidental, etc. I don't believe deputy Elias Laroza would support that with equal enthusiasm."

Everything Owed Must Be Collected

Representative Hilda Urizar of the APRA bench emphatically pointed out that the General Tax Directorate must collect from everyone who owes taxes in every case and in every field, both natural and legal persons.

She added: "I notice that deputy Elias Laroza did not make this accusation when he was part of the Popular Action-PPC government, but does it now when he is in the opposition."

She added that, during one of his recent speeches in the Chamber of Deputies, Prime Minister Alva Castro clearly stated that if the crime that deputy Elias cites occurred, it will be investigated and anything owed will be promptly demanded.

Late Motion

IU deputy Manuel Dammert Ego Aguirre indicated that the motion presented and sustained by his colleague, Enrique Elias Laroza, "is very late and untimely."

He said that the appropriate committee of the Chamber of Deputies has already been working on that for some time and has even requested background and details from the General Tax Directorate. He argued: "That committee continues to receive information."

He also stated that more information has been requested from the Ministry of Fisheries to clear up the matter of debts of the Soviet fishing fleet. "This evolves from the Popular Action government since Percovich and Benavides were at the head of the Ministry of Fisheries then and signed these contracts with the Soviets."

He noted: "I feel, therefore, that the request is absolutely irrelevant. I hope that it is not a smoke screen to hide their own responsibilities."

Interesting Motion

PAP [Aprista Party of Peru] deputy Carrasco Tavara indicated: "In my opinion, it is an interesting motion that we should support since it involves not only national sovereignty, but the defense of our marine resources."

He indicated that the General Tax Directorate must immediately take the matter into its own hands. "We all have to take a hand in the matter because it interests all the people."

He also stated that anyone who owes taxes or tax obligations of any nature has the duty to pay. He ended: "We are working for the moralization of the country and, in that sense, we are the first to support this request."

Necessary to Study Accusation Well

Finally, Communist representative Gustavo Espinoza said that, in the first place, it is necessary to properly study the accusation made by the PPC.

He noted: "We cannot give opinions on a matter that is both technical and legal without properly immersing ourselves in it."

He had two reflections on the matter. First, he indicated, the Soviet Union has never signed any agreement at any time since 1917 with any country in the world that hurt a friendly country. It is not an imperialist country and does not need to live at the expense of other countries.

He added that the USSR has more than enough potential resources to keep its people happy and does not need the wealth of other countries.

He revealed: "That conduct has always been maintained under any circumstances. I don't think it has changed just to make deputy Elias right."

Secondly, he added, "this frequently occurs when it is discovered that someone has made a mistake. The perpetrators of the mistake never admit that the punishment that befalls them is the result of their own work. They always try to give their mistake a political context and propose a political explanation. This is obviously true in the case of Mr Elias who is trying to hide behind the tritest anticommunism."

7717
CSO: 3348/306

OUTGOING CENTRAL RESERVE BANK PRESIDENT OPTIMISTIC

Lima CARETAS in Spanish 9 Dec 85 pp 28-32

[Interview with Richard Webb, outgoing president of the BCR, by Roberto Quiroz and Alberto Bonilla; date and place not specified]

[Text] [Question] In general, the monetary policy of the previous government was restrictive while the policy of the current government is expansive with the idea of increasing demand and production. How have these two monetary policies been reconciled with the same president of the BCR [Central Reserve Bank]?

[Answer] The monetary policy of the last 2 or 3 years was relatively restrictive with two objectives in mind. One was to somewhat curb inflation which kept increasing, but the second objective, the most important, was to help defend reserves and adapt the balance of payments to the much more difficult situation that we began to experience in 1981. This has continued to deteriorate year after year. The monetary policy had to become more restrictive during the last 12 months due to the fact that, over and above the difficult foreign situation, a problem of mistrust and speculation was growing. This was caused by rampant inflation, our IMF creditors, and the upcoming change in government. For all these reasons, there was a speculative wave that we tried to curb with a restrictive monetary policy. I think we had some success because, although reserves were lost in the first months of this year, we reached a more or less stable level of reserves at the end of this period in July compared to previous years. The major part of the reserves were maintained.

[Question] Was that due to the restrictive monetary policy?

[Answer] Within a context of strong speculation, the economy cannot be revitalized by giving more credit because the public changes it into foreign currency or uses it to speculate in some other way. What was needed in the economic program was to establish the financial bases for a revitalization policy. I have pointed that out continually, especially since the end of 1983 and the beginning of 1984. If a revitalization program was to be started as was proposed at the beginning of 1984, it was first necessary to establish solid financial bases. One cannot build a brick building on mud walls and

that, more or less, was what was being planned to increase monetary expansion without making national currency attractive or stable enough.

[Question] Do you think that the situation is different now?

[Answer] I think that we now have a solid enough financial base for revitalization. Although we do not have everything, I think that it is going to be achieved. Things are stabilizing, inflation is going down. There are going to be interest rates that give incentive to national savings and discourage speculation and a rate of exchange that also discourages speculation because there is a higher parallel exchange that definitely discourages speculation. If this program is consolidated in the coming months with the drop in inflation, we are going to achieve that stable financial framework on which revitalization can be built. It is logical that in such a different situation, the monetary policy will also be different. The BCR has always hoped for a monetary policy that contributes to revitalization. This certainly happened in 1980 and 1981 but when the situation of the balance of payments and inflation began to deteriorate, it had to become more restrictive again. Now, fortunately, there is the possibility of returning to a monetary policy consistent with revitalization.

[Question] It seemed as if before there was a BCR fighting to maintain foreign reserves while in recent months it was more at home with this expansive policy....

[Answer] A restrictive monetary policy is never enjoyable. One always hopes that it can be avoided but that depends on all the policies. I think that the public needs to better understand this need for consistency. The monetary policy is not independent of other policies. If the fiscal policy or the exchange policy or the interest policy or other aspects of the policy are not disciplined and do not tend to maintain financial stability, the monetary policy is forced to do the work alone. In that situation, it becomes restrictive no matter what any board of any central bank would like.

[Question] Do you agree with the latest statements by President Garcia that the policy of the BCR had to be in keeping with the vote of the electorate? Doesn't this somehow subordinate the BCR to the Executive Branch?

[Answer] The policy of a central bank always has to be in keeping with the rest of the political situation. At the same time, it has to fulfill its function of limiting monetary expansion at a noninflationary level which helps defend foreign reserves. Being as consistent as possible with the economic plan of the government, the central bank, by law, has to fulfill those objectives. What the president says is true: the BCR cannot function with a different economic policy than the government. It is logical, therefore, that its board be changed every 5 years. It seems to me that this is sound. It is necessary to seek a reconciliation between this need to be consistent with the overall plan and with the mandate of the law.

[Question] Could you say that a light can already be glimpsed at the end of the tunnel? Do you repeat your optimistic profession of faith?

[Answer] Yes, yes. I think there is enough basis to be optimistic. It is a good program although there is still a need for financial discipline. There is no substitute. This freeze and the attack on the psychology of inflation were necessary and I think they are going to work, but they do not replace continued financial discipline. I think this government is fully aware of that and that is why I am so hopeful. I feel that awareness within the government and I think that this awareness is going to be maintained and the need for discipline respected.

[Question] What mechanisms can be implemented so that the freeze of the dollar does not hurt exports since their increase is a basic part of the revitalization plan?

[Answer] There is no mechanism that replaces the exchange rate except slightly. Preferential credit, the FENT, exoneration of some taxes, and some other fiscal mechanisms can favor the exporter. Using part of the foreign currency for parallel exchange on the financial market is another way that is already being used, giving the exporter a percentage of openly priced dollars that could increase.

[Question] What is the current proportion?

[Answer] For traditional exports, 5 percent, and for nontraditional exports, 20 percent. Those percentages could increase. However, there is a limit because the BCR needs to balance its accounts; there is not much margin to do that. All these benefits other than the exchange rate cost the state and, therefore, have a limit. They are ways to cushion or shade, but not replace the exchange rate.

[Question] Can't there be an intermediate situation between a freeze and a minidevaluation?

[Answer] If there is no inflation, there is not going to be a problem with the exporter. If the curb on inflation is not complete, if prices continue to rise 2 or 3 percent per month, then it will eventually be necessary to devaluate. I don't think there is any need to think about devaluation, at least for the next 6 months, and I would not discard the idea that it could be longer. I think we have the basis for a long period of exchange stability and I also think this is fundamental in order to play this game to curb inflation. This strategy is based on a freeze of major prices along with the exchange rate and monetary discipline. This game has to be played out and this requires more than 2 or 3 months. Fortunately, there is a good basis to sustain the exchange rate for a long time. Exchange parity is going well because at the beginning of the year we gained parity. In August there was more devaluation and an extra cushion was created. Inflation has gone down faster than many of us projected. Consequently, we have not had to spend all of August's cushion. It is true that exporters are now in a very difficult position and it is necessary to seek alternative mechanisms, not so much for the exchange rate but because it is an exceptionally difficult time for export prices.

[Question] The growth of foreign reserves has reached the level of 5 years ago. Is it just the result of the freeze of the dollar and the moratorium on the payment of the debt or is there some other reason?

[Answer] The conversion of certificates to soles does not risk anything because those dollars were already in the reserves and continue to be. The conversion improves what we call the exchange position of the bank but not the reserves. This increase in reserves is due to the purchases we have made in the financial market which already total $270 million. It is also due to the fact that the public has stopped holding or taking away dollars as they were doing in the 12 months before the change in government. The lower debt payment is also helping as are the lower remittances in the last 2 months.

[Question] The interest rates are lower than the rate of inflation. The estimated inflation for 1986 is around 40 percent while the last reduction of savings rates was to 19 percent per year. Is domestic savings going to be defended with this difference?

[Answer] No one knows what the inflation rate will be. I don't believe in that figure of 40 percent and I don't think there should be projections or plans based on such high figures. We are in the process of curbing inflation. It is like a car going 100 kilometers per hour and suddenly coming to a red light. It is necessary to brake sharply. In the first half second, it is going 80 kilometers, 50 in the next half second, then 30, and finally 0. Perhaps it will not reach zero in this program but maybe it will come very close. There are technicians who work in banks or ministries who have talked about figures, but there is no official projection. Therefore, a budget has been presented that will exclude inflation since it is something that no one can project.

[Question] It is difficult to assume that inflation will be lower than 20 percent next year so the passive interest rates would be negative anyway.

[Answer] If inflation does not go down to between 1 and 2 percent per month, interest rates will have to rise to stay in line with inflation.

[Question] Would this be reviewed beginning in January 1986?

[Answer] I would give the program more time. It would not affect the major variables and certainly no prices would increase for some months. If it were my decision, I would maintain a complete freeze for a sufficiently long time.

[Question] Even beyond July?

[Answer] No, I am thinking now about the middle of next year; that is a good limit. Little by little concessions will have to be made to the difficulties that are arising for many sectors. However, I think that for the sake of the success of something so fundamental for the country, it would be necessary to prolong this freeze for a good, long time.

[Question] Despite the fact that there are already cases of shortages caused precisely by the freeze?

[Answer] I would exhaust every means to resolve the shortages one by one, looking for a way the state could resolve them. Sometimes it is a matter of modifying a product to use a national part instead of an imported one whose price has risen, things like that. Sometimes it is a matter of credit to help for a period, a preferential interest rate or a tax facility. There are ways to reduce the shortages.

[Question] Why would such a long freeze be justified?

[Answer] Because basically this program is trying to change the people's way of thinking, to get the idea out of their heads that inflation will go on forever. The people are skeptical. Time is a function of this because if one abandons the program quickly, the people would still have the idea that inflation is going to return and would begin to act privately based on that, protecting themselves, raising their prices or speculating.

[Question] What other mechanism would permit the savings or disbursements to go to the productive sector instead of to financial speculation?

[Answer] There is only one mechanism to reduce speculation or prevent it and that is confidence and the prevention of distortions in financial yields. It is necessary to pay the saver a real interest rate. All the rest are minor aids. Controls in the financial sector have a very limited and short-term impact. They can be used temporarily for support but their effect is minor and they do not function if confidence is lost. If there is confidence, they are not necessary. That is based on inflation going down, maintaining a good level of foreign reserves, and achieving some stability in the rules of the game for the economy.

[Question] What could you say about the budget that went from 52 billion to 37 billion? It is based on zero inflation and it will be readjusted quarterly.

[Answer] It seems logical to me and cautious to propose this now and not enter into speculative games, projecting an inflation that is impossible to project and getting the idea that something is concrete when it is not. Obviously, it is going to be necessary to adjust the budget based on inflation.

[Question] Have these quarterly readjustments been done anywhere else?

[Answer] I don't know but it does not matter because it is logical. It is not deflationary because if there is inflation, it would be necessary to adjust the budget to that higher level of wages and higher cost of projects. At the same time, that higher inflation would automatically generate more revenue and the budget would adapt without much problem. This permits more planning than in the past when one had an unrealistic idea and then it was necessary to correct that idea. It is better to know ahead of time that it is going to be necessary to adjust it and create a fluid mechanism for that readjustment. A readjustment every few months based on what is really happening seems to me the most sensible way of handling the budget.

[Question] As to expenses, how is the first emission in these first months of the APRA [American Popular Revolutionary Alliance] government going?

[Answer] For a year and a half BCR credit to the government has been zero. That situation continues. In that sense, the budget is going very well. The government is covering its expenses with its revenue. Enough equilibrium had already been achieved at the end of the previous government and the fiscal measures of this government have improved the fiscal situation and eliminated the cash deficit that the government suffered last year. It is a situation of equilitrium that I think can be maintained and that must be maintained to keep inflation from going up again.

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CGTP LEADER DEPLORES DELAY IN LABOR STABILITY LAW PASSAGE

Lima EL NACIONAL in Spanish 13 Dec 85 p 16

[Interview with senator Valentin Pacho, secretary general of the CGTP; date and place not specified]

[Text] Senator Valentin Pacho, secretary general of the CGTP [General Confederation of Peruvian Workers], yesterday accused APRA [American Popular Revolutionary Alliance] of "using a double-barreled gun" in the debate on the labor stability bill in Parliament. At the same time, he did not eliminate the possibility that the workers will go on strike if the government passes a law contrary to their interests.

When interviewed by EL NACIONAL, the senator referred to the government's labor policy, concretely to the consequences for the workers and the union movement since the labor stability bill has not yet been approved. It is now bogged down in the Senate. This dialogue took place at the end of the regular legislative sessions for the current year. It is now almost impossible for this bill which has already been approved by an overwhelming majority in the Chamber of Deputies to be passed. The dialogue was as follows:

[Question] The labor stability bill has not yet been approved. Do you think there has been an attempt to frustrate or delay its debate?

[Answer] APRA is using a double-barreled gun. In the Chamber of Deputies, the APRA members showed that they were open to some proposals by the workers and the bill was approved. In the Senate, they take a position of treason and regression, giving in to pressures from the businessmen.

[Question] Could this double position be explained by the fact that the progressive wing of APRA is in the Chamber of Deputies and the more conservative sector in the Senate?

[Answer] That could be thought since the members in the Chamber of Deputies are younger than the members in the Senate, but I feel that APRA is acting as a party in this. The APRA members respond to directives from the parliamentary cell headed by the secretary general of the party, Armando Villanueva del Campo. I don't think the senators are shooting, but there is a two-faced position. APRA is not defining one position because the pressures

and threats from the businessmen have made it waver. This shows us that we cannot always trust in words, but in our own strengtn. Therefore, we are reinforcing our organic system.

[Question] Do you mean that the CGTP is revving up?

[Answer] We are preparing to respond to tne critical situation tnat will occur in the coming months as we responded in the past to the regimes that attacked tne working class. We are going to defend ourselves from provocations. We do not cause provocations; the businessmen and the government do.

[Question] But there is an ebb in the union movement now. Why?

[Answer] Perhaps the ebb is noted because the CGTP has not gone to battle as a union. However, our bases are fighting in the streets throughout tne country.

[Question] What will happen if the present legislature does not pass the labor stability bill?

[Answer] The businessmen will continue making hay while the sun shines. In the 4 months since President Alan Garcia's inaugural speech, 50,000 to 60,000 workers nave been dismissed. About 90 percent of them had not been working 3 years as stipulated in the existing Labor Stability Law. Even the state workers have not been spared from this avalanche. In Lima alone, 36,000 workers were dismissed. The bill must be passed retroactive to 28 July to stop this avalanche. Otherwise, the Labor Stability Law will be useless. There will be no one to protect.

Also the law must eliminate discrimination for the so-called "confidential workers," must maintain the Labor Administrative Code in the Ministry of Labor, and impose imprisonment of at least 6 months on businessmen who do not comply with the labor laws.

[Question] Don't you find anything positive in the labor policy under this administration so far?

[Answer] The labor policy has not changed with respect to the former regime. Dismissals of workers and violent police repression of protest demonstrations by workers who defend their rights continue. What is more, the government nas mistakenly and premeditatedly tried to set the unionized sectors and the nonunionized sectors against each other. Fortunately, the shoe is on the other foot because all the workers have realized that this is not the right way. The nonunionized workers realize that the union movement nas fought for them. We have not done this with speeches but in the streets and plazas.

[Question] Why didn't tne CGTP accept tne labor truce proposed by the government?

[Answer] We proposed conditions in order to talk because we could not accept an imposed truce. The truce would have to be based on an agreement.

[Question] Do you consider a social pact viable in tnis country?

[Answer] A social pact is impossible in Peru because the social and economic structures as well as the public offices remain intact. The Judicial Branch and the public administration in general where immorality, corruption, perks, and bribery predominate have not been touched yet.

What is more, the government does not offer any security or confidence of favoring the union movement. The businessmen continue with antilabor measures and fraudulent factory bankruptcies. They continue imposing their opinions and the government does not touch them. Under those conditions, there cannot be a social pact or agreement. In order to have a labor truce or social agreement, the CGTP proposes, first, the reinstatement of all workers who have been unjustly dismissed, nullity of the fraudulent factory bankruptcies, and an increase in wages and salaries. No one can buy anything with the small incomes we receive; we barely manage to survive.

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MORALES BERMUDEZ TERMS BUDGET POLITICAL, NOT ECONOMIC

Lima EL NACIONAL in Spanish 14 Dec 85 p 3

[Text] The former president of the second phase of the military government held a press conference yesterday at the FDUN [National Unity Democratic Front] building in Miraflores. He was accompanied by sympathizers and members of that political organization.

Morales Bermudez defined his party's current position toward President Alan Garcia's government as "critical, democratic, and constructive opposition."

He said: "I am convinced that destructive democracy is not good for a weak and incipient democracy like Peru."

He added that the FDUN will make an analysis after the current government has been in office for 6 months.

However, he stated that this will not keep his party from issuing an immediate opinion on certain things that occur in the country and certain government decisions that he summarized as "a failure to carry out the good intentions that the current administration expresses in its overabundant speeches."

Unrealistic Budget

For example, he disagreed with the way the current budget, about to be approved in Congress, has been drawn up. He said that it is based on unrealistic theoretical concepts starting with the assumption of zero inflation promoted by the government.

The budget with zero inflation must not only be used by public organizations to balance their expenditures for goods and services but to orient the national economy. Businessmen and industrialists also have to use it to state or restate their proposals.

He also rejected government projections about the reduction of the rate of inflation next year as it has been going down in recent months.

He explained that inflation is being calculated from a political point of view, not economic, because the recession continues and there is no increase in production to show that it has gone down.

Antisubversive Policy

Morales Bermudez also gave his opinion on the antisubversive struggle that is being fought. He said the government has good intentions but these are still not shaped into concrete actions.

Commenting on the trial of the former military junta in Argentina, he said that there was no justice in the courts of justice. He practically justified the way subversion was fought in that area by stating that democracy is being rebuilt in that southern country because terrorism disappeared.

The leader of the FDUN also criticized the police reorganization, pointing out that many members of the police force who had clean records have been unjustly dismissed.

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PERU

BRIEFS

BACKGROUND OF CENTRAL BANK PRESIDENT--Leonel Figueroa Ramirez, 42-year-old former deputy minister of finance of the MEF [Ministry of Economy and Finance], is the new president of the BCR [Central Reserve Bank], its second president since the 1979 Constitution. His term will last 5 years from the day he is sworn in. As is known, he will replace Richard Webb Duarte. A native of Trujillo, he went to a Peruvian secondary school and to the La Libertad National University. Later he studied economic development at the University of Texas. He returned to Peru, but then went to Chile for postgraduate studies in economics. In the 1960's, he joined the La Libertad Development Corporation and then the National Planning Institute. In 1976, ECLA (economic commission for Latin America and the Caribbean) asked him to do the annual economic analysis of Brazil where he lived until July of this year. During the follow-up on the Brazilian economy, Figueroa was in charge of the state business sector and the economic and financial aspects. He was summoned to Lima by Luis Alva Castro, president of the council of ministers and minister of economy. He became deputy minister of finance for the MEF and was in charge of the foreign debt committee and the General Directorate of Customs. His last task was to draw up the 1986 finance and debt bills. [Text] [Lima EL COMERCIO in Spanish 15 Dec 85 p F-3] 7717

CENTRAL RESERVE BANK OFFICERS SWORN IN--The new president of the BCR, Leonel Figueroa Ramirez, was sworn in yesterday for a 5-year term as mandated by the Constitution. Figueroa Ramirez was sworn in yesterday afternoon by the interim president of the Supreme Court, Jose Aristides Montoya Rodriguez, in a ceremony held at the presidential office of the Palace of Justice. He replaces Richard Webb who resigned a few weeks ago after serving his 5-year term. Ministers, the president of the Joint Command, civilian and military authorities, and members of the Supreme Court and Superior Court were present at the ceremony. The other six members of the BCR board were also sworn in: Jorge Ordonez Ortiz, Juan Candela Gomez de la Torre, and Javier Cornejo Ramirez representing the Executive Branch; and Luis Giulfo Zender, Carlos Capunay Mimbela, and Luis Felipe Rodriguez Vildosola representing the Senate. After being sworn in as president of the BCR, he told the press that the monetary and credit activity of the BCR will be in tune with the economic policy of the government. He stated: "This means that the definitions of the economic policy will guide and determine the main lines of the monetary policy." He explained that there will not be any sudden release in January simply because nothing has been dammed up by the economic policy of the

government. He stated that nothing has been dammed up because costs are being contained and, therefore, "price control has a basic support." He confirmed what the chief of state said in the sense that the official price of the dollar will not change in the next 6 months. He said that the possibility of unfreezing the small savings in dollars might be studied later. He said that foreign reserves have increased considerably and pointed out the success in controlling inflation "more than expected." [Text] [Lima EL COMERCIO in Spanish 18 Dec 85 p A-4] 7717

BUSINESS INCENTIVE FOR EMPLOYMENT--PETROPERU [State Petroleum Agency] will drill four prospecting wells for gas and oil in January of 1986, while also beginning construction on a cryogenic plant for the processing of natural gas into gasoline and liquefied gas. This announcement was made by the general manager of the state enterprise, engineer Carlos Lizier, who explained that the reserves of natural gas found in Aguaytia are estimated at the fabulous total of a billion cubic meters. He also announced that the ELECTROPERU [Peruvian State Electric Power Enterprise] Yarinacochas Power Plant and the Pucallpa Oil Refinery will use natural gas instead of liquid fuels, with a view to lowering costs. Later on, plans call for the use of natural gas at the mining centers in the central mountains, he said. Initial production at the cryogenic plant will be 341 barrels of gasoline and liquefied gas per day. This volume will be gradually increased to twice that figure, Lizier revealed. He went on to explain that many of the enterprises and industries in Pucallpa, such as sawmills, breweries and others, may adapt their installations for the use of natural gas instead of liquid fuels. This resource, he said, will guarantee the development of the central forest region in the short run. The exploitation of this resource, he went on to add, will be paralleled by the building of penetration roads to link the production fields with the main highways, thus opening up a suitable road network so that the settlers can establish themselves and transport their products to the storage centers. [Text] [Lima EL COMERCIO in Spanish 4 Dec 85 p A-4] 5157

NATURAL GAS CONVERSION PLANT--Certificates of tax rebate for employment (CERTEM) will provide enterprises which hire new workers with benefits up to a maximum of 40 percent of the value of the new payroll established, in accordance with Supreme Decree 035. Minister of Labor Carlos Blancas said yesterday, in explaining the scope of this document, which was announced a few days ago by President Alan Garcia, that the new payroll established by businessmen will be the supporting document for obtaining the right to this benefit. He said that the certificates of tax rebate will be delivered to enterprises quarterly. They may be used for the payment of tax obligations up to a maximum of 40 percent of value of the additional payroll. Also, those employers who take on new workers in accordance with the provisions of this decree will not be required to make contributions to the SENATI [National Service for Industrial Work Training] and the FONAVI [National Housing Fund]. Other supplementary benefits, such as the allocation of credit lines to enterprises requesting loans for labor capital from the state development and associated banks have been considered. On the other hand, Blancas said that Supreme Decree 036, which has been promulgated, provides administrative facilities for the establishment of new enterprises. He stated that statistical data indicate a substantial reduction in the number of strikes and man-hours lost, from 1,300,000 in August to 346,000 last November. [Text] [Lima EL COMERCIO in Spanish 8 Dec 85 p A-7] 5157

RICE CROP SUBSTITUTES SOUGHT--The president of the board of directors of the Agrarian Bank, Engineer Alfredo Garcia Llosa, has said that the technicians at that body and the farmers of Lambayeque must speedily find alternative crops to rice, in order to deal promptly with the shortage of water for irrigation being experienced in that department, one of the main producers of this grain. The credit program for Lambayeque called for the planting of 26,000 hectares to rice, but the decline in the available water has allowed the planting of only 3,000. On the national level, the Ministry of Agriculture has planned for the cultivation of 224,938 hectares. Garcia Losa attended the Third National Rice Producers Congress, which was held in the city of Chiclayo from 2 to 4 December. At this gathering, the producers voiced their great concern about the drop in the water volume in the Tinajones Dam, because of the prolonged drought in the northern mountain range, resulting in a situation in which the planting of rice on the planned area could not be carried out. The bank estimates that the rice-growing land could be used this season for alternative crops such as soybeans and others which require less water and which have shorter vegetation cycles. It is also possible to plant grain-bearing sorghum and corn in some zones. The president of the Agrarian Bank stated that the decision on the planting of substitute crops should be agreed upon by the producers, the technicians at the Ministry of Agriculture and the branch of the bank in Chiclayo, with a view to obtaining suitable financing. The Sectorial Planning Office of the Ministry of Agriculture recently confirmed that a period of intensive drought in the Andean Foothills in Cajamarca caused a considerable drop in the water volume in the Chotano and Conchano rivers, which feed the Tinajones Dam. This dam, with a capacity of almost 220 million cubic meters, is now storing only 15 million cubic meters. [Text] [Lima EL COMERCIO in Spanish 9 Dec 85 p A-13] 5157

23 NEW AMBASSADORS RATIFIED--The Senate will confirm 23 new ambassadors from Peru to 23 countries throughout the world, recently appointed by the government through the Ministry of Foreign Relations. These diplomats must be ratified before 15 December when the first regular legislative sessions end for this year, according to the Constitution. At the full morning session yesterday, the president of the Senate, Luis Alberto Sanchez, asked the Foreign Relations Committee to issue an opinion as soon as possible since there are only a few days left before this legislature closes. Verifying the reopening of relations between Peru and Cuba at the level of ambassador, the Senate needs to confirm the appointment of Carlos Higueras Ramos to head that embassy. Juan Jose Calle Calle was named ambassador to Spain while Alfonso Grados Bertorini will go to Argentina and Javier Ortiz de Zevallos Thorndike will go to Panama. Former senator Enrique Rivero Velez was named ambassador to Costa Rica and Roger Loayza Saavedra to the USSR. The other new ambassadors are as follows: Armando Lecaros de Cossio (Nicaragua), Jorge Vegas Mohrmann (Honduras), Guillermo Nieto Heredia (Korea), Luis Macchiavelo Amoros (Japan), Luis Solari Tudela (Italy), Alberto Montagne Vidal (El Salvador), Carlos Raffo Dasso (United Kingdom), Jose Urrutia Cerruti (Yugoslavia), Victor Fernandez Davila (Jamaica), Alfonso Rivero Montalve (Bolivia), Fernando Guillen Salas (India), Maria Salazar Castellanos (Poland), Miguel Barandiaran Barandiaran (Dominican Republic), Hugo Palma Valderrama (Brazil), Gonzalo Bedoya Delboy (Australia), Percy Murillo Garaycochea (Guatemala), and Guillermo Fernandez Cornejo (Israel). [Text] [Lima EL COMERCIO in Spanish 13 Dec 85 p A-4] 7717

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VENEZUELA

COPEI'S INTERNAL STRUGGLE FOR PRESIDENTIAL NOMINATION VIEWED

Caracas EL UNIVERSAL in Spanish 2 Dec 85 p 1-14

[Text] The struggle to win internal and external positions has created a volcanic situation in the COPEI [Social Christian Party], one which may erupt so forcefully as to have a rather negative outcome for the main opposition party.

Some ill-informed persons might believe that it is solely the context for the presidential nomination which is causing trauma under the green awning. Certainly this is a very important factor, but there are other matters about which a bitter struggle is currently being waged. Some sectors are pushing Eduardo Fernandez toward a direct clash with the founding leader Rafael Caldera, not solely in order to see him as the standard bearer seeking the right to the seat in Miraflores, but so that he will leave his post as secretary general and they will thus have an opportunity to fill it.

Other factors are providing fuel for a campaign to replace Leonardo Ferrer as president of the Chamber of Deputies and Abdon Vivas Teran as head of the parliamentary bench. In this connection, an effort is being made to promote a confrontation between "the black man" and "the light-haired one," who seem well aware of the situation.

Rafael Caldera

In order to undertake a more or less objective analysis, it is necessary to consider first of all the contest for the presidential candidacy, which is the key question, since with four would-be candidates, only one seems to be clearly defined.

Rafael Caldera is keeping the party waiting, because to date he has left open every door which might lead to a path which could put him in Miraflores a second time. This is a real aspiration, and depends only on the results he obtains from the polls at the end of 1986, when the government of Jaime Lusinchi will be farther along.

Caldera is working intensively on the drafting of a new organic labor law, which he hopes will be approved in July of next year, when the law now in effect, which he himself drafted, will be 50 years old. This undertaking has

brought him into contact with all of the sectors of the country. When the new law is approved, he will have talked with business and trade union leaders, workers and, basically, the other opposition parties, with which he would like to establish a broad front to challenge the Democratic Action (AD) for power.

1986 looks likely to be very fruitful for the hopes of the founder of Christian democracy in Venezuela, since on 23 January the national constitution will have been in effect for a quarter of a century, and he will be the speaker of the day, as one of those who drafted it. In addition, the COPEI will commemorate the 40th anniversary of its founding, and Caldera will celebrate his 70th birthday. The veteran leader will make good use of all three events.

Do you feel young enough to continue in the political struggle? Reporters asked this question 2 days after a group of youth leaders at the Friendship Center urged him to run as a presidential candidate again. His answer was as follows:

"Obviously. I would say that there are three stages in youth. The first, that of official bodies, lasts up to the age of 35, a second, which lasts more or less until "middle age," while the third lasts as long as it lasts. I have asked myself how long it will last and I have realized that one is young as long as he can view the past without nostalgia and the future without anguish."

Caldera's candidacy is being sponsored by Godofredo Gonzalez, first of all, who hopes thereby to remain in the presidency of the COPEI, from which post Eduardo Fernandez tried to remove him, challenging him in addition on the drafting of the planks for the congress for the state of Aragua.

Aristides Beaujon has also joined Godofredo Gonzalez in sponsoring Caldera, because if Caldera becomes president, he might support Beaujon in the future for the nomination to which the middle generation aspires, and in the final analysis, for the presidency of the Senate.

Secretary General's Hopes

The secretary general is watching the development of events without having dared to make a decision, up to the present, out of loyalty to the founding leader. This attitude is doing harm in the party world, where he controls the apparatus, and in the peripheral sectors which want an immediate definition. Political observers believe that Fernandez should not lose this historic opportunity. In order to seize it, he should go openly into the streets, without taking into account the internal factors, including Calderas himself, with whom he could negotiate in the future. If Eduardo Fernandez makes this decision, he may find support in the orthodox Herrera Campins sector, and in other sectors of the COPEI opposed to reelection.

Gains for Pedro Pablo

The leader from Trujillo is the only one who has defined his intentions and is campaigning throughout the country. The objectivity and depth of his program

has given qualitative weight, but not quantitative, as the polls show. If he wins the nomination, he would have to make a great effort, because although he is one of the most serious politicians in the country, he does not have the charisma needed to advance his leadership.

Pedro Pueblo Aguilar wants to deal cautiously with Caldera, because if he is defeated, he would retain rather considerable internal strength, but if Eduardo defeats him for a second time, his political future would be threatened.

Oswaldo Alvarez Paz

Oswaldo Alvarez Paz wants to be the first presidential candidate of the 1958 generation, and he is using every means to block the path of Eduardo Fernandez. First of all he clashed openly with the secretary general, but he has now changed his strategy and announced his support for Rafael Caldera, seeking to bring him and Fernandez into confrontation.

The strategy being used by Alvarez Paz may fail if Caldera is the candidate, because he will encounter many hindrances in trying to win the nomination in 1993. These obstacles could include Eduardo Fernandez himself, Leonardo Ferrer, Hilarion Cardozo and a rival with whom he has accounts to settle--Abdon Vivas Teran, who was removed from the leadership of the JRC [COPEI Revolutionary Youth] and the national committee, to be replaced by Oswaldo Alvarez Paz. The clash between the two has been postponed, because Oswaldo does not want to create a second front for himself for the time being, and because "the light-haired one" is awaiting a favorable opportunity.

The Secretariat General

If Eduardo Fernandez wins the presidential nomination, it will be necessary to find a substitute for him in the secretariat general. According to administrative tradition, the position should go to Enrique Perez Olivares, deputy secretary general, and this is the belief of Fernandez himself. Others maintain that a special meeting of the national board should be called to elect a new secretary general. If this plan wins out, the competitors would be Jose Curiel, Abdon Vivas Teran, Valmore Acevedo Amaya, Leonardo Ferrer, Oswaldo Alvarez Paz and Edgar Flores, of the Pedro Pablo Aguilar faction.

The Parliamentary Bench

Some of those who aspire to this position are contemplating the possibility of getting Vivas Teran elected to the presidency of the Chamber of Deputies, not for his political advancement, but so as to have his post left free. These "hopefuls" are known to include Gustavo Tarre Briceno, Alejandro Rodriguez Cirimelle, Luis Enrique Oberto and Haydee Castillo.

The Chamber of Deputies

The candidates for this post could be classified in the A and B categories, because some have less potential than others, those in the B category are promoting someone in the A category, so as to have a greater potential in the

coming years, but in addition, they are encouraging a confrontation between Ferrer and Vivas Teran. Their strategy calls for supporting the candidacy of Rafael Caldera, so that he will give them his support, while at the same time they are trying to win the sympathy of Juan Jose Caldera. The possible candidates being discussed include Maria de Guzman, Luis Enrique Oberto, Rafael Leon Leon, Haydee Castillo and Alejandro Rodriguez Cirimelle, but Leonardo Ferrer is doing excellent parliamentary work.

This is the situation as it exists in the main opposition party. It is volcanic and could erupt, because while its leaders are involved in the internal struggle, the COPEI cannot regain the confidence of the electorate, or at least so the polls indicate. Political observers agree that the green party should instead commit itself to a reflective phase, engaging in self-criticism which would lead it to conclusions and strategies, since the path it is pursuing is too rough, and crowded with many obstacles which may prevent it from becoming a real alternative for the regime.

The serious thing is that the agenda for the holding of these days of reflection is being drafted, and it is already known that Alvarez Paz will challenge the party leadership. Pedro Pablo will ask for clear talk about the choice of candidate and other leaders are preparing their batteries to fire. If these developments materialize, the volcano will have erupted and the cracks which have already developed will widen.

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VENEZUELA

COPEI SECRETARY GENERAL ON AD INTERNAL ELECTIONS

Caracas EL DIARIO DE CARACAS in Spanish 4 Dec 85 p 20

[Text] Eduardo Fernandez, secretary general of the COPEI [Social Christian Party], proposed yesterday to the national committee, which met in a 12-hour session, that the national officers of that political organization be convoked to elect the presidential electoral commission in the first quarter of 1986. This will enable this body to take charge of sponsoring everything pertaining to the social Christian candidacy in the 1988 national elections.

Fernandez commented that it was not a question of moving this process forward, because in the past, at this point, after 2 years in the opposition, the COPEI had not chosen its standard bearer, but there have been indications that the public wants a definition by the COPEI in this connection within the context of a policy which will make the opposition to the present government cohesive.

Fernandez spoke at the last national committee meeting of 1985, in which former president Rafael Caldera participated. Former president Luis Herrera Campins, who had to attend a conference in Rome, was not present.

Apart from Fernandez, speakers at the analysis session yesterday included Senator Hilarion Cardozo, who set forth an analysis of the policy pursued by the organization on the basis of the strategy established by the expanded national committee at the end of 1984, and he discussed the indications of recovery seen from that time to the present.

Another speaker was Rafael Salvatierra, who spoke about the indicators in the recent polls, from which he derived four conclusions. 1) There is an increase in sympathy for the opposition sector, and within this increase, special preference for the COPEI. 2) Polarization is indicated, that is to say the surveys show that the trend toward polarization of the people is continuing. 3) Elections are serving the purposes of a plebiscite, since the voters punish those who fail to keep their electoral promises by the way they cast their ballots. 4) Alternation in power is a dogma, since the people continue to favor switching from the AD [Democratic Action] to the COPEI, without considering other alternatives.

Also, Pedro Pablo Aguilar spoke, calling for a political strategy which will deepen a consistent opposition line through the party commands.

Views of Fernandez

During a recess in the lengthy meeting, the secretary general of the COPEI agreed to answer some questions from journalists, and the first had to do with his impression of the elections in the AD. He responded: "A violent aspect could be noted, as could the abusive interference by the government, from the president of the republic down to one lower-ranking official or another, as well as the waste of economic resources. But the truth is that the most impressive aspect was the abstention of the AD base levels.

This phenomenon reflects the discontent, since there is no determination to vote for an AD government even on the base levels of the AD, nor has any faction succeeded in moving that level to support the political program of former president Perez.

"Proportionally, more people participated in the COPEI election, without violence of any kind, and with direct quoting at the base. Also, there were no reports of any statutory violations. The election process in the AD resembled that in the era of General Medina, because the votes were on the fourth level."

Then Fernandez took the opportunity to explain that the post held by Leonardo Ferrer as president of the Chamber of Deputies is not at issue. He did so because of some newspaper articles reporting that Ferrer was leaving this post.

Two Years of Government Failure

Fernandez said that today, 4 December, marks 2 years since the overwhelming triumph by the AD, but he noted that he did not see an atmosphere of celebration anywhere. "Perhaps," he said, "this is because 60 percent of the citizens of Venezuela believe that they are not living better, as the main promise which put the AD in power said they would be."

He noted that there is economic stagnation, while the government points to a few items available for 8 bolivares, which "can only be found in the popular dining rooms this government has created. And things are so bad that Volcker himself had to scold the investors about their strike, which serves to demonstrate that there is no confidence for investment, something the foreign visitor could see."

Strengthening the Opposition

The meeting continued until 9 in the evening with speeches which shared one point in common--the strengthening of the line of opposition to the government in 1986. Today the secretary general of the COPEI will announce the conclusions reached during the political analysis sessions held all day yesterday by the national committee.

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VENEZUELA

COPEI LEADERSHIP AGREES TO INTENSIFY OPPOSITION IN 1986

Caracas EL UNIVERSAL in Spanish 5 Dec 85 p 1-12

[Article by Alirio Bolivar]

[Text] Despite the serious questions raised to date by the COPEI [Social Christian Party] about the opposition strategy, the secretary general, Dr Eduardo Fernandez, emerged from the review sessions held on Tuesday with a broadly endorsed image.

The COPEI members devoted more than 14 hours to self-criticism and establishing the opposition line to be followed in 1986.

All of the comments gathered by this journalist thus far indicate that the hours of catharsis, as some leaders termed it, developed without any clash, with only Gustavo Tarre Briceno and Douglas Dager being called to order by the secretary general, when the two set forth the need to define the party's presidential candidate as soon as possible. What is the source of friction? This question was posed by Eduardo Fernandez, but it should be noted that both Tarre and Dager are aligned with the Eduardo Fernandez faction.

Perhaps the most worrisome thing for the COPEI members was the analysis of the public opinion polls, because while these surveys do indeed indicate continuing deterioration for the government, they do not decisively favor the social Christians either. On the contrary, the COPEI is not growing. The indicators show that 70 percent of the people reject political parties, and this is a serious thing for the system. The Democratic Action (AD) has the preference of between 36 and 42 percent of the voters, and the COPEI that of between 14 and 16 percent. A slight drop for the government party can indeed be seen, but the prestige of President Lusinchi remains high.

In view of the situation noted, the national committee of the COPEI decided to reactivate the strategy commission, which is headed by Hilarion Cardozo and Rafae Salvatierra. The opposition line on national service, which will be expanded and deepened in 1986, because of the failure of the government and the attitude opposed to an agreement to overcome the crisis, was confirmed.

The need to deepen the opposition line was set forth by Oswaldo Alvarez Paz, Abdon Vivas Teran, Pedro Pablo Aguilar and Felipe Montilla, among others. The

opposition must be more active and farther-reaching, not only in the parliament but in the social sector as well, making even better use of the mass media and planned street actions, and working closely with the other political forces in the opposition.

The problem of inconsistency noted by political observers in the opposition strategy was also analyzed, and it was made clear that some leaders establish lines to defend their own interests rather than those of the collective. In this connection, it was decided that the opposition policies the COPEI should pursue will be determined by the national committee.

Was there any agreement on coordinating the efforts being made by former president Luis Herrera Campins with his shadow cabinets and the strategy of the national committee?

The national committee line does not preclude the right of former president Herrera and his former collaborators to defend their government work and to respond forcefully to the unjust attacks by the present administration, Eduardo Fernandez responded to this reporter's question.

Fernandez announced that a meeting will be held this weekend with the president, secretaries general and organization secretaries of the COPEI to inform them of the decisions of the national committee. He said that he will be in touch with Luis Herrera Campins when the latter returns to the country, to communicate this same information to him.

According to this COPEI leader, the effort we must all make to overcome the crisis is more important than the AD-COPEI clash.

He said that the surveys show that the majority of the citizens of Venezuela think things are going badly. They have lost faith in the political parties, and this makes it necessary for us to provide a response which cannot be rhetorical only. It is essential to show that the system is capable of resolving the problems of the country. One would wish that the government would correct its orientation, but the citizens of Venezuela should know that the alternative force working seriously to contribute to the solution of the problems, the social Christian secretary general added.

It was also learned that the COPEI decided to maintain its intention of taking up the subject of the presidential candidacy at the end of 1986. A meeting of the national officers will be scheduled for next March, and at that time the presidential electoral commission will be elected, but the precandidacy process will not be formally launched.

A broad analysis was undertaken of the subject of the presidential candidacy, because the COPEI will necessarily have to adapt its strategy to the decision made in this connection by the AD-government front. A split in the Democratic Action does not seem desirable, because bipartisanism, favors the main opposition party. It was stated that there is no reason to fear the possible candidacy of Carlos Andres Perez, because this would sustain polarization.

Another aspect the highest officials of the COPEI took up was a new series of problems created by those who hope to succeed Eduardo Fernandez as secretary general, if he wins the presidential candidacy. This has created great confusion at the base level and is preventing the implementation of consistent opposition. It was noted that there will be no internal elections of new authorities in the COPEI until 1989. Fernandez will continue in his post even if he is chosen as the COPEI standard bearer. "I will neither resign nor be forced out," he said to put an end to this polemic, paraphrasing Romulo Betancourt.

Nonetheless, the desire of Fernandez to be a candidate was questioned by some leaders, because it is hindering the development of a proper opposition policy.

In conclusion, it can be said that matters were not resolved within the COPEI on this occasion, because the moment is not right.

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VENEZUELA

HUMBERTO CELLI ON AD-GOVERNMENT RELATIONS, OTHER ISSUES

Caracas EL NACIONAL in Spanish 2 Dec 85 p D-2

[Interview with Humberto Celli, Democratic Action undersecretary general, by Alfredo Pena; date and place not given]

[Text] The relations between the party and the country represent a basic political problem in our democracy. The presidents have always wanted to have an obedient, submissive and passive party. The political leaders have always hoped to be the power behind the throne, imposing the policies he must carry out on the chief of state.

In theory, there should be no problems. It is presumed that the government, whatever it may be, will carry out the program the party presented during the electoral campaign. But in the majority of cases, these programs and these electoral promises are not carried out.

The party feels the pressure of the people in the streets and hears the protests about unfulfilled promises, and it is the party which must stand up on election day, when the time comes to task for an extension and a new term of office.

Very often the president, who during the campaign professed total unity with his party, decides to move away from it and govern with his friends or with leaders imposed by pressure groups. Then conflict between the party and the government develop. This is when the "government" and "opposition" factions emerge within a given party.

Humberto Celli, undersecretary general of the Democratic Action, talked with us about this and other aspects of our national political life.

[Question] The Democratic Action faction represented by Jaime Lusinchi and Manuel Penalver clearly enjoyed favor in the municipal elections in which your party engaged on 24 November. Some of the winners had said that they defeated the opposition, and that now the government will have a friendly party.

[Answer] In these elections, neither the prestige of the national leaders nor that of President Lusinchi was at stake. It is not correct to point to the national leaders, nor even the chief of state, as winners or losers because of

the results of this election. What happened here is a confirmation of the national leaderships, which in their overwhelming majority were endorsed by the vote on the base level. The members expressed their desire for the party and the government to act together, and to provide us with a good government. Regrettably, some national leaders committed the error of mixing in regional problems, and in those cases where their candidates did not win, they appeared to be defeated. Clashes developed precisely where these factors encourage them.

[Question] Why is it said that the government will have a friendly party now? Was this not the same party and the same leadership as put Lusinchi in power?

[Answer] I reject that term because the party has never ceased to be the friend of the president and his government. Once the process has ended and the convention has been held next 19 December, the party will not waste further effort in internal electoral struggles. The shocking statements which blurred the image of the Democratic Action as a government party will no longer be tolerated.

[Question] Minister Lepage said that there will now be a homogeneous CEN [National Executive Committee] which will ring premature candidacies under control.

[Answer] I do not know exactly what Comrade Lepage meant by these statements. The Democratic Action is a multiclass party in which each leader has influence, his image and his way of thinking. The decisive majority in the CEN will be confirmed, because above and beyond the differences in attitude and approach which may exist among us members, it is a homogeneous body. Perhaps in the heat of the internal electoral campaign, some comrades went so far as to give the impression that they were hoisting opposition banners.

[Question] Are you referring to Perez, Pinerua, Canache and Morales Bello?

[Answer] It is not in my interest to mention names. I only want to note that the fact of involvement in regional problems harms the image of one so involved. One may have sympathies, but care should be taken as to forms.

[Question] Many leaders, and not only those in the Perez faction, have become involved in the internal process.

[Answer] Yes, but some took care as to form while others did not. Therefore, those who came out publicly in favor of this or that candidate who lost now appear to be losers.

[Question] Don't such categorical statements as "we are winning the government posts" pose a danger to the necessary critical capacity a party must have, even if it is in the government?

[Answer] I do not believe that things shape up in this manner. With the exception of one or two sections where there have been serious clashes between the regional government and the party leadership, the comrades cannot claim that they have won because they are friends of the government. All of the

members of the AD [Democratic Action] are friends of the government. As of January, the party will not lose its critical capacity, but the observations or demands we must voice to the government will be done privately, within the party. We cannot provide a false image indicating that one sector is with the government while another is not. But we must engage in constant criticism. This is our duty. And just as the renewal of the party authorities have occurred, changes in the cabinet, autonomous institutes, state enterprises and government offices will have to occur. These changes must be made to facilitate party-government integration. But it should be made very clear that we must do our criticizing in the CEN meetings, and in the meetings we have with the president and his government team.

The Parties and the Country

[Question] Venezuela has major problems which must be discussed with the public, and not only in the private meetings of the party leadership. The AD trade union movement, the main support of the Lusinchi government, has criticized the economic policy of the regime, calling it inconsistent. The trade unionists have also urged cabinet changes.

[Answer] It is not so much the party trade union movement as our comrades in the CTV [Confederation of Venezuelan Workers].

[Question] Criticisms have been voiced by leaders of such stature as Antonio Rios and Juan Jose Delpino.

[Answer] Yes, but as spokesmen for the pluralist trade union movement represented in the CTV. Although great national problems are involved, they will not be resolved simply because the Democratic Action leaders set them forth publicly. The best party orthodoxy points to the need for internal analysis of these problems and their respective solutions.

[Question] Leandro Mora, Antonio Rios, Juan Jose Delpino and Gonzalo Barrios himself have suggested or specifically urged the need for cabinet changes. But nothing has happened.

[Answer] In my opinion, the internal electoral process has prevented the president from making a decision in this regard. The government did not want to provide any justification for the possible thought that it was in some way interfering in the choice of the authorities. For this reason I hope that once the internal process of renewing the party authorities has been completed, the president will undertake the analysis which will lead him to make changes on all levels. The fate of the party is inseparably linked with the fate of the government. Without close and harmonious cooperation, it will not be possible to overcome the difficulties. If we do not achieve this, we will fail, and then those who are thinking of the 1988 election will suffer a resounding defeat. They may become candidates but they will not win the presidency of the republic, because the people will make us pay at the polls for having failed after having given rise to such high hopes in the electoral campaign.

The Electoral Colleges

[Question] What influence will the 24 November municipal elections have on the structure of the electoral colleges which will choose the candidate?

[Answer] All of the comrades who have been elected represent a decisive force when the time comes to establish the composition of the electoral colleges which will choose a candidate. This does not mean that the triumph of a given comrade on a section level will force the district or regional delegates to vote with him when he establishes his position, or gives his support to a candidate. But there is no doubt that the apparatus has shown his strength.

[Question] During the internal campaign, a week before the municipal elections, President Lusinchi repeated in Maracaibo that he had no pretensions to reelection.

[Answer] In these elections, the candidacy issue was not primarily at stake. What was at stake was the regional leadership of the party.

[Question] If the next convention produces a "homogeneous" CEN, as Lepage says, in which the anti-reelection faction represents 70 percent, and if that same percentage is consistent on all party levels, how could former president Perez be a candidate?

[Answer] I believe that the absolute nonreelection principle should be approved and applied, beginning with the president elected in 1988. The nonreelection thesis is supported by many people in the Democratic Action, a party which has never sponsored a candidate twice.

[Question] Are the results in the municipal elections a reflection of this thesis?

[Answer] Not necessarily, because reelection and the 1988 candidacy were not the subject of discussion.

[Question] Carlos Andres Perez is beginning a campaign for the candidacy, and Jaime Lusinchi is determined to block him.

[Answer] This is one assessment. Although there are external indications pointing in that direction, former president Perez has not said that he wants to be a candidate.

An Unconditional Party?

[Question] If this "governing" majority directs the party in submissive fashion, it will give the "opposition" a good chance to think that a more critical attitude toward the regime is necessary. The government leaders and those who support them will suffer in the exercise of power.

And they will suffer the more if there are comrades who think that one must stand with the government on its good policies, while letting others defend it on the bad ones. AD orthodoxy teaches that when the party is in government,

all of us, without exception, must stand with it. When this rule has been violated, schisms have occurred. What would have happened to a comrade who dared to say, under the Romulo Betancourt, Raul Leoni or Carlos Andres Perez government: "This is not the government of the best men, but of the flatterers?" This never has happened and will not in the future.

[Question] The government too should pursue conduct in full agreement with its party.

[Answer] I have said that we hope that changes will be made in the government on all levels. This is so as to carry out fully what we promise during the electoral campaign. The regional party leaders know their regions very well, and for this reason I believe it desirable that they serve as governors and hold other command posts in the Venezuelan state. I have the impression that on the day the cabinet, under any of the Democratic Action presidents, is made up of a majority of national party leaders, we will be able to offer great government. The politicians must have available to them the best technical teams. There is no reason for them to be experts on any subject, but it must indeed be they who establish and implement the major strategies. I suspect that some of this is being planned now. I stress the importance of entrusting the regional and national government to the Democratic Action leaders.

Personnel Changes

[Question] Will this be a change in personnel and policy?

[Answer] I think that it will be a change in individuals, because I presume that the policies being developed are those included in the government program we presented to the electorate.

[Question] The economic policy is the key to the success or failure of a government.

[Answer] President Lusinchi has made a great effort to normalize the country economically. This government inherited the greatest financial disaster Venezuela has experienced in his history. The government has succeeded in reactivating important sectors of the economy, mainly agroindustry. The chaos was such that the amount of debt we have had to refinance was not even known.

[Question] Two years have passed, and 60 percent of the people say that they are worse off now.

[Answer] We have not achieved full reactivation, and there are serious problems in terms of unemployment. But apart from the reactivation of agroindustry, we see that small and average industry is beginning to move and to generate jobs. Unfortunately, we have thus far failed to reactivate construction, and this is because the businessmen are unwilling to risk anything. They are unaccustomed to doing so, and they want the state to do everything.

[Question] If the dimensions of the crisis were known, why did you promise full employment, wage and salary increases and a better life during the campaign?

[Answer] Both Lusinchi and Caldera waged a very serious and very cautious campaign where promises were concerned. But our calculations as to the magnitude of the crisis fell short. Many of the things we proposed proved too little in terms of the seriousness of the crisis. The government has had to reformulate some of the programs drafted during the campaign. We never thought that the debt could have reached such levels, and that corruption could have become so widespread.

[Question] You cannot continue with this same old story, pushing the blame for everything on the preceding government. The COPEI [Social Christian Party] did the same thing with the Perez government, and look at what happened to them. The people are ceasing to believe them.

[Answer] Even if they do not believe us, this is true. We say so now and we will continue to say so for 10 or 20 years more. The Luis Herrera regime destroyed the national economy. Obviously, this cannot serve as an excuse for us to fail to provide good government.

[Question] The people say not only that they are worse off now but that they can no longer tolerate the lack of security and crime. Unemployment is wreaking havoc.

[Answer] We are aware that we have adopted truly unpopular measures, but we had no other alternative. Beginning in January, there will be greater dynamism in the joint action by the party and the government. The country will see that recovery will be a reality, not only in agroindustry, but in all sectors of the economy as well. And we are seeing how advertisements of employment are beginning to appear in the newspapers. Our greatest efforts will be devoted to combatting unemployment.

[Question] Consumption has dropped alarmingly, from 30 to 40 percent, it is said.

[Answer] It is for this reason that we must attack unemployment. Our problem is precisely the generation of jobs. Wages and salaries will be increased by means of collective bargaining in those areas where reactivation is a reality. There can be no doubt that the purchasing power of the workers has dropped.

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VENEZUELA

POLL SHOWS AD LEADERS' SUPPORT FOR PEREZ CANDIDACY

Caracas EL UNIVERSAL in Spanish 22 Nov 85 p 1-12

[Text] A survey taken of 62 national leaders of the Democratic Action (AD), including 21 of its members, almost all of the trade union bureau, which has not yet held its election, and parliamentarians, revealed that 58 percent of those questioned support the presidential candidacy of Carlos Andres Perez, while 12.9 percent prefer Octavio Lepage.

This study, which has not yet been completed, is being carried out confidentially, and covers various aspects of the opinions held within this select government party group.

Of the 62 persons questioned, half publicly stated their precandidacy preferences, as follows:

Carlos Andres Perez	58%
Octavio Lepage	10%
Reinaldo Leandro Mora	10%
Manuel Penalver	6%
Luis Pinuerua Ordaz	6%
David Morales Bello	3%
Carlos Canache Mata	3%
Humberto Celli	3%

Of the 25 who said they were undecided, eight are considering Carlos Andres Perez, five Octavio Lepage, four Carlos Canache Mata, three Reinaldo Leandro Mora, two Manuel Penalver, two Luis Pinuerua Ordaz and one David Morales Bello. Nine of those questioned refused to mention any names.

The sample group was asked various questions, related both to their concept of the party and relations with the government. Of those questioned, 67 percent said that the government has not done enough to guarantee the well-being of the poor, 63 percent approved the increase in real wages, 74 percent expressed disapproval of the elimination of price controls, and 60 percent said that businessmen have received more favorable treatment by Dr Lusinchi's government.

The final conclusions of the survey are still being reviewed and analyzed. In addition, some results might vary in fact following the last plenary trade union session, at which the supporters of Carlos Andres Perez were excluded, barring one or two exceptions.

In another category, 58 percent voiced disapproval of the reduction in subsidies on basic consumer goods, while 64 percent said that the trade union demands should be limited in order to avoid the closing of enterprises.

Forty-four percent of those interviewed felt that the leaders must follow the party line on each occasion, under democratic leadership, and when there is no clear position within the party, meetings should be held to consult representatives of the base level, instead of adopting some strategic decision. On the other hand, 31 percent expressed the view that the leaders should have the authority to work to the benefit of the party, while adhering to its basic principles. Only 11 percent favor strong leaders with a vision of the future, because such are essential to the success of the party, and loyalty makes such men more valuable than any dogma.

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